

**SANTA PAULA UNIFIED SCHOOL DISTRICT  
VENTURA COUNTY  
AUDIT REPORT  
For the Fiscal Year Ended  
June 30, 2021**



**NIGRO & NIGRO<sup>PC</sup>**



**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*For the Fiscal Year Ended June 30, 2021*

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*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Santa Paula Unified School District  
Santa Paula, 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 Santa Paula Unified School District, as of and for the fiscal 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.

### Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 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 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 Santa Paula Unified School District, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the beginning net position on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances have been restated to adopt this standard. Our opinion is 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, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information 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 basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 60 to 64 and the schedule of expenditures of federal awards on page 65 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 59 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, 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, and grant agreements and other matters. The purpose of that report is 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.

Murrieta, California  
December 3, 2021



**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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This discussion and analysis of Santa Paula Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's overall financial status improved from last year as the net position increased to \$(5.5) million.
- Total governmental revenues were \$91.1 million, \$692,037 more than expenses.
- The total cost of basic programs was \$90.4 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just \$64.4 million.
- Governmental funds increased by \$16.1 million due to Bond proceeds received in the Building Fund and an increase in federal and state revenues received in the General Fund.
- Reserves for the General Fund increased by \$2.8 million, or 17.0%. Revenues were \$81.4 million and expenditures were \$77.1 million.

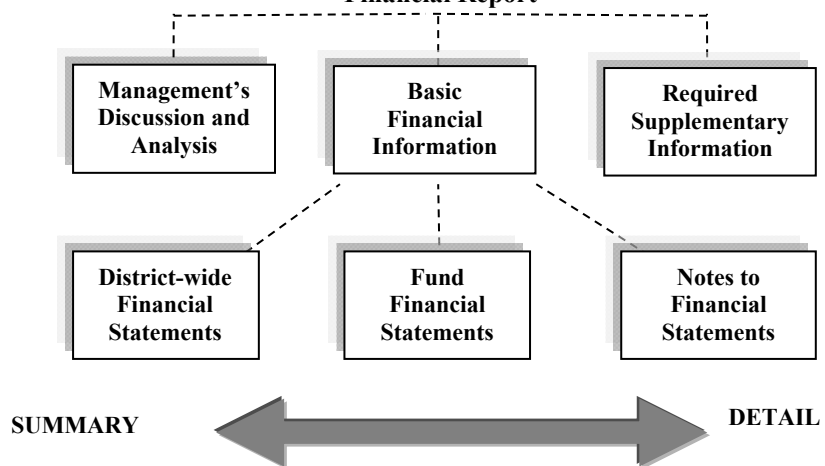
**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1. Organization of Santa Paula Unified School District's Annual Financial Report**



**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has one kind of fund:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was higher on June 30, 2021, than it was the year before – increasing to \$(5.5) million (See Table A-1).

**Table A-1: Statement of Net Position**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2021</b>	<b>2020*</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current assets	\$ 91,197,883	\$ 74,089,603	\$ 17,108,280
Capital assets	62,962,341	63,397,975	(435,634)
<b>Total assets</b>	<u>154,160,224</u>	<u>137,487,578</u>	<u>16,672,646</u>
<b>Deferred outflows of resources</b>	<u>24,320,245</u>	<u>24,413,704</u>	<u>(93,459)</u>
<b>Liabilities</b>			
Current liabilities	7,443,362	6,274,475	1,168,887
Long-term liabilities	94,814,594	84,369,219	10,445,375
Net pension liability	77,023,260	71,888,372	5,134,888
<b>Total liabilities</b>	<u>179,281,216</u>	<u>162,532,066</u>	<u>16,749,150</u>
<b>Deferred inflows of resources</b>	<u>4,668,970</u>	<u>5,530,970</u>	<u>(862,000)</u>
<b>Net position</b>			
Net investment in capital assets	31,897,484	33,344,724	(1,447,240)
Restricted	23,009,665	17,280,054	5,729,611
Unrestricted	(60,376,866)	(56,786,532)	(3,590,334)
<b>Total net position</b>	<u>\$ (5,469,717)</u>	<u>\$ (6,161,754)</u>	<u>\$ 692,037</u>

*\*As Restated*

**Changes in net position, governmental activities.** The District's total revenues increased 13.4% to \$91.1 million (See Table A-2). The increase is due primarily to greater revenues received from operating grants and contributions.

The total cost of all programs and services increased 2.5% to \$90.4 million. The District's expenses are predominantly related to educating and caring for students, 76.7%. The purely administrative activities of the District accounted for just 6.3% of total costs. A significant contributor to the increase in costs was due to an increase in costs related to instruction.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Table A-2: Statement of Activities**

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 1,877,299	\$ 1,778,888	\$ 98,411
Operating grants and contributions	22,534,328	12,445,642	10,088,686
Capital grants and contributions	1,664,573	8,165	1,656,408
General Revenues:			
Property taxes	12,793,064	11,229,362	1,563,702
Federal and state aid not restricted	50,992,510	53,816,468	(2,823,958)
Other general revenues	1,279,986	1,090,410	189,576
<b>Total Revenues</b>	<b>91,141,760</b>	<b>80,368,935</b>	<b>10,772,825</b>
<b>Expenses</b>			
Instruction-related	61,189,510	57,724,824	3,464,686
Pupil services	8,174,312	9,843,074	(1,668,762)
Administration	5,713,032	6,462,056	(749,024)
Plant services	9,036,857	8,661,667	375,190
All other activities	6,336,012	5,592,052	743,960
<b>Total Expenses</b>	<b>90,449,723</b>	<b>88,283,673</b>	<b>2,166,050</b>
Increase (decrease) in net position	692,037	(7,914,738)	\$ 8,606,775
<b>Total Net Position</b>	<b>\$ (5,469,717)</b>	<b>\$ (6,519,360)</b>	

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$84.8 million, which is above last year's ending fund balance of \$68.6 million. The primary cause of the increased fund balance is the issuance of additional general obligation bonds and the increase in Federal and State awards and grants received by the District.

**Table A-3: The District's Fund Balances**

<b>Fund</b>	<b>Fund Balances</b>				
	July 1, 2020*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
General Fund	\$ 18,531,165	\$ 81,357,315	\$ 77,088,238	\$ -	\$ 22,800,242
Student Activity Special Revenue Fund	357,606	86,801	189,033	-	255,374
Adult Education Fund	24,146	406,166	429,573	-	739
Cafeteria Fund	647,413	2,862,888	3,050,543	-	459,758
Deferred Maintenance Fund	1,114,570	373,148	57,850	-	1,429,868
Building Fund	33,622,615	176,865	2,564,589	9,600,000	40,834,891
Capital Facilities Fund	3,064,855	1,758,234	4,259	-	4,818,830
County School Facilities Fund	417,776	1,664,572	-	-	2,082,348
Special Reserve Fund (Capital Outlay)	6,997,916	784,430	65,623	-	7,716,723
Bond Interest and Redemption Fund	3,848,601	3,819,344	4,692,343	1,381,919	4,357,521
<b>Total</b>	<b>\$ 68,626,663</b>	<b>\$ 93,289,763</b>	<b>\$ 88,142,051</b>	<b>\$ 10,981,919</b>	<b>\$ 84,756,294</b>

\*As Restated

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$20.7 million primarily to reflect increases in protected revenues.
- Salaries and benefits costs – increased by approximately \$3.2 million due to negotiated increase in pay.
- Other costs – increased by \$5.9 million to re-budget carryover funds and revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$4.6 million, the actual results for the year show that revenues exceeded expenditures by roughly \$4.3 million. Actual revenues were \$4.4 million less than anticipated, while expenditures were \$4.1 million less than budgeted.

These amounts consist primarily of restricted categorical program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2020-21 the District had invested \$2.4 million in new capital assets, related to capital projects throughout the District. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$2.8 million.

**Table A-4: Capital Assets at Year End, Net of Depreciation**

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2021</b>	<b>2020</b>	
Land	\$ 5,487,346	\$ 5,487,346	\$ -
Artwork	25,795	25,795	-
Land improvements	5,984,712	6,245,225	(260,513)
Buildings and improvements	46,771,875	47,850,130	(1,078,255)
Equipment and vehicles	701,512	792,843	(91,331)
Construction in progress	3,991,101	2,996,636	994,465
<b>Total</b>	<b>\$ 62,962,341</b>	<b>\$ 63,397,975</b>	<b>\$ (435,634)</b>

**Long-Term Debt**

At year-end the District had \$94.8 million in long-term liabilities other than pensions – an increase of 12.4% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Table A-5: Outstanding Long-Term Debt at Year-End**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
General obligation bonds	\$ 74,711,424	\$ 66,155,371	\$ 8,556,053
Compensated absences	468,053	760,658	(292,605)
Other postemployment benefits	19,635,117	17,453,190	2,181,927
<b>Total</b>	<b>\$ 94,814,594</b>	<b>\$ 84,369,219</b>	<b>\$ 10,445,375</b>

Net pension liability increased during the year by \$5.1 million.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

*The State Legislature Passed a Final Budget Package on June 28, 2021.* The final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly \$21 billion in total reserves. This consists of: (1) \$15.8 billion in the Budget Stabilization Account (BSA), (2) \$4 billion in Special Fund for Economic Uncertainties, and (3) \$900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$4.5 billion under the spending plan.

***Budget Also Commits \$27 Billion in ARP Fiscal Relief Funds***

The ARP included \$350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about \$27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

***Significant Increase in School and Community College Funding***

Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up \$22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional \$309 million (0.3 percent) relative to the revised 2020-21 level.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2021*

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

***Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs***

When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is \$4.5 billion—\$1.9 billion in 2020-21 and \$2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is \$12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

***Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten***

Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately \$2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

Meanwhile, new Covid variants continue to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the Santa Paula Unified School District budget for the 2021-22 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Assistant Superintendent, Business Services at Santa Paula Unified School District, Santa Paula, California at (805) 933-8819.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2021*

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	Total Governmental Activities
<b>ASSETS</b>	
Deposits and investments	\$ 83,255,224
Accounts receivable	7,811,495
Inventories	63,278
Prepaid expenses	67,886
Capital assets:	
Non-depreciable capital assets	9,504,242
Depreciable capital assets	97,972,463
Less, accumulated depreciation	<u>(44,514,364)</u>
Total assets	<u>154,160,224</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on refunding	626,241
Deferred outflows related to OPEB	2,250,223
Deferred outflows related to pensions	<u>21,443,781</u>
Total deferred outflows	<u>24,320,245</u>
<b>LIABILITIES</b>	
Accounts payable	5,785,457
Unearned revenue	1,657,905
Long-term liabilities:	
Portion due or payable within one year	2,225,883
Portion due or payable after one year	92,588,711
Net pension liability	<u>77,023,260</u>
Total liabilities	<u>179,281,216</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	974,784
Deferred inflows related to pensions	<u>3,694,186</u>
Total deferred inflows	<u>4,668,970</u>
<b>NET POSITION</b>	
Net investment in capital assets	31,897,484
Restricted for:	
Capital projects	14,617,901
Debt service	4,357,521
Student activities	255,374
Categorical programs	3,778,869
Unrestricted	<u>(60,376,866)</u>
Total net position	<u>\$ (5,469,717)</u>



# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instructional Services:					
Instruction	\$ 52,752,158	\$ 7,547	\$ 14,958,040	\$ 1,664,573	\$ (36,121,998)
Instruction-Related Services:					
Supervision of instruction	2,308,252	-	963,878	-	(1,344,374)
Instructional library, media and technology	599,668	999	44,282	-	(554,387)
School site administration	5,529,432	241	478,217	-	(5,050,974)
Pupil Support Services:					
Home-to-school transportation	95,695	-	66,267	-	(29,428)
Food services	3,417,285	-	3,074,062	-	(343,223)
All other pupil services	4,661,332	-	424,274	-	(4,237,058)
General Administration Services:					
Data processing services	1,420,327	-	(1,751)	-	(1,422,078)
Other general administration	4,292,705	21,398	631,449	-	(3,639,858)
Plant services					
Ancillary services	9,036,857	613,649	1,565,294	-	(6,857,914)
Community services	890,668	86,801	6,466	-	(797,401)
Enterprise activities	10,798	-	-	-	(10,798)
Transfers between agencies	-	-	-	-	-
Transfers between agencies	2,753,540	-	-	-	(2,753,540)
Interest on long-term debt	2,458,606	-	-	-	(2,458,606)
Debt issuance costs and discounts	222,400	-	-	-	-
Other outgo	-	1,146,664	323,850	-	1,470,514
Total Governmental Activities	\$ 90,449,723	\$ 1,877,299	\$ 22,534,328	\$ 1,664,573	(64,373,523)
<b>General Revenues:</b>					
Property taxes					12,793,064
Federal and state aid not restricted to specific purpose					50,992,510
Interest and investment earnings					122,567
Miscellaneous					1,157,419
Total general revenues					65,065,560
Change in net position					692,037
Net position - July 1, 2020, as originally stated					(6,519,360)
Restatement - change in accounting principle (note 12)					357,606
Net position - July 1, 2020, as restated					(6,161,754)
Net position - June 30, 2021					\$ (5,469,717)

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2021*

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Deposits and investments	\$ 21,734,292	\$ 40,941,777	\$ 20,579,155	\$ 83,255,224
Accounts receivable	7,391,495	-	420,000	7,811,495
Due from other funds	262,363	10,559	380,704	653,626
Inventories	-	-	63,278	63,278
Prepaid expenditures	67,886	-	-	67,886
Total Assets	<u>\$ 29,456,036</u>	<u>\$ 40,952,336</u>	<u>\$ 21,443,137</u>	<u>\$ 91,851,509</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,615,525	\$ 117,445	\$ 50,714	\$ 4,783,684
Due to other funds	391,263	-	262,363	653,626
Unearned revenue	1,649,006	-	8,899	1,657,905
Total Liabilities	<u>6,655,794</u>	<u>117,445</u>	<u>321,976</u>	<u>7,095,215</u>
<b>Fund Balances</b>				
Nonspendable	74,526	-	63,278	137,804
Restricted	3,318,372	40,834,891	19,628,015	63,781,278
Committed	-	-	1,429,868	1,429,868
Unassigned	19,407,344	-	-	19,407,344
Total Fund Balances	<u>22,800,242</u>	<u>40,834,891</u>	<u>21,121,161</u>	<u>84,756,294</u>
Total Liabilities and Fund Balances	<u>\$ 29,456,036</u>	<u>\$ 40,952,336</u>	<u>\$ 21,443,137</u>	<u>\$ 91,851,509</u>

# SANTA PAULA UNIFIED SCHOOL DISTRICT

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

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**Total fund balances - governmental funds** \$ 84,756,294

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:

Expenditures for capital outlay	107,476,705	
Depreciation expense	<u>(44,514,364)</u>	62,962,341

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (1,001,773)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the year were: 626,241

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

Deferred outflows of resources	2,250,223	
Deferred inflows of resources	<u>(974,784)</u>	1,275,439

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

Deferred outflows of resources	21,443,781	
Deferred inflows of resources	<u>(3,694,186)</u>	17,749,595

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

General obligation bonds payable	(74,711,424)	
Compensated absences payable	(468,053)	
Other post employment benefits	<u>(19,635,117)</u>	(94,814,594)

The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements. (77,023,260)

**Total net position - governmental activities** \$ (5,469,717)

## SANTA PAULA UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 57,583,557	\$ -	\$ 367,643	\$ 57,951,200
Federal sources	10,826,199	-	2,735,891	13,562,090
Other state sources	8,402,434	-	2,215,629	10,618,063
Other local sources	4,545,125	176,865	6,436,420	11,158,410
Total Revenues	81,357,315	176,865	11,755,583	93,289,763
<b>EXPENDITURES</b>				
Current:				
Instruction	47,485,109	-	302,628	47,787,737
Instruction-related services:				
Supervision of instruction	2,100,194	-	107,016	2,207,210
Instructional library, media and technology	546,717	-	-	546,717
School site administration	5,089,494	-	-	5,089,494
Pupil support services:				
Home-to-school transportation	95,695	-	-	95,695
Food services	260,664	-	2,905,419	3,166,083
All other pupil services	4,458,760	-	-	4,458,760
Ancillary services	675,672	-	189,033	864,705
Community services	10,798	-	-	10,798
General administration services:				
Data processing services	1,308,742	-	-	1,308,742
Other general administration	4,306,501	-	1,509	4,308,010
Plant services	8,108,917	4,587	131,244	8,244,748
Transfers of indirect costs	(157,282)	-	157,282	-
Capital outlay	44,717	2,400,002	2,750	2,447,469
Intergovernmental transfers	2,753,540	-	-	2,753,540
Debt service:				
Issuance costs	-	160,000	62,400	222,400
Principal	-	-	2,536,562	2,536,562
Interest	-	-	2,093,381	2,093,381
Total Expenditures	77,088,238	2,564,589	8,489,224	88,142,051
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	4,269,077	(2,387,724)	3,266,359	5,147,712
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt - general obligation bonds	-	9,600,000	-	9,600,000
Premiums on general obligation bonds	-	-	1,381,919	1,381,919
Total Other Financing Sources and Uses	-	9,600,000	1,381,919	10,981,919
Net Change in Fund Balances	4,269,077	7,212,276	4,648,278	16,129,631
Fund Balances, July 1, 2020, as originally stated	18,531,165	33,622,615	16,115,277	68,269,057
Adjustment for restatement (Note 12)	-	-	357,606	357,606
Fund Balances, July 1, 2020, as restated	18,531,165	33,622,615	16,472,883	68,626,663
Fund Balances, June 30, 2021	\$ 22,800,242	\$ 40,834,891	\$ 21,121,161	\$ 84,756,294

# SANTA PAULA UNIFIED SCHOOL DISTRICT

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

**Total net change in fund balances - governmental funds** \$ 16,129,631

Amounts reported for governmental *activities* in the statement of activities are different because:

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

Expenditures for capital outlay	2,386,692	
Depreciation expense	<u>(2,822,326)</u>	
Net:		(435,634)

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

2,536,562

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

(1,045,981)

In governmental funds, if debt is issued at a premium or a discount, the premium or discount is recorded as an other financing source or use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of the premium and discount for the period is:

221,475

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest earned exceeded the accreted interest paid by:

(332,171)

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

(5,438,001)

Deferred charges on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The amortization of deferred charges on refunding for the current period is:

(64,292)

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were:

(10,981,919)

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

(190,238)

In the statement of activities, compensated absences 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*).

292,605

**Change in net position of governmental activities** \$ 692,037

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Santa Paula Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

#### A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

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 units have 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*, and thus are included 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 Santa Paula School and Golden West Schools Financing Authorities (the Authorities) were formerly presented in the financial statements as the Debt Service for Blended Component Units Fund, but there was no financial activity reported for the year ended June 30, 2021. Individually prepared financial statements are not prepared for the Authorities.

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation (continued)

###### District-Wide Financial Statements (continued)

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

###### Fund Financial Statements

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

###### Major Governmental Funds

The District maintains the following major governmental funds:

**General Fund:** This is the chief operating fund for the District. 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:** This 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

The District reports the following non-major governmental funds:

**Special Revenue Funds:** Special revenue funds are established 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 District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

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

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

**Deferred Maintenance Fund:** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 1. Basis of Presentation (continued)

###### Non-Major Governmental Funds (continued)

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

**Capital Facilities Fund:** This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

**County School Facilities Fund:** This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

##### 2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.



# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 2. Measurement Focus, Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### 3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, 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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

#### C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Encumbrances

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

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

##### 2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

##### 3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	25-50 years
Land Improvements	25-50 years
Furniture and Equipment	5-15 years

##### 4. Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

##### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 5. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

##### 7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

##### 8. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

##### 9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 9. Fund Balances (continued)

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

##### 10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### F. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of revenue shortfalls or unanticipated expenditures. Pursuant to the Criteria and Standards for fiscal solvency adopted by the State Governing Board, the Reserve for Economic Uncertainties (REU) required for districts this size is 3% of total General Fund operating expenditures, including other financing sources and uses.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. Minimum Fund Balance Policy (continued)

The District has adopted a minimum fund balance policy, which states that the Board intends to maintain a minimum fund balance equal to at least two months of General Fund operating expenditures, or 17 percent of General Fund expenditures and other financing uses. If the unassigned balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance.

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.

#### G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

#### H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

#### I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

1. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. New GASB Pronouncement (continued)

2. (continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

### J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

1. 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 reporting periods beginning after June 15, 2021.

2. 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.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements (continued)

2. (continued)

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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.

3. 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 reporting periods beginning after December 15, 2021. Earlier application is encouraged.

4. 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 reports
- 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 Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 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 Pensions 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

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements (continued)

4. (continued)

- 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.

Earlier application is encouraged and is permitted by topic.

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.



# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Future Accounting Pronouncements (continued)

6. 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.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental Funds/Activities	\$ 83,255,224
Total deposits and investments	<u>\$ 83,255,224</u>

Deposits and investments as of June 30, 2021 consist of the following:

Cash on hand and in banks	\$ 257,052
Cash in revolving fund	6,640
Investments	<u>82,991,532</u>
Total deposits and investments	<u>\$ 83,255,224</u>

#### Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, \$32,009 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

#### Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2021, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
County Pool	N/A	\$ 82,991,532	\$ 82,991,532	-	Uncategorized

#### Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2021, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

#### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no investments outside of the County Treasury.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### 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 date 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.

Uncategorized – Investments in the Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

### NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Totals
Federal Government:			
Categorical aid programs	\$ 2,889,974	\$ -	\$ 2,889,974
Child nutrition	-	371,931	371,931
State Government:			
LCFF	2,913,246	-	2,913,246
Lottery	175,846	-	175,846
Categorical aid programs	176,881	26,679	203,560
Child nutrition	-	21,390	21,390
Local:			
Special education	1,064,695	-	1,064,695
Miscellaneous	170,853	-	170,853
Total	<u>\$ 7,391,495</u>	<u>\$ 420,000</u>	<u>\$ 7,811,495</u>

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

### NOTE 4 – INTERFUND ACTIVITIES

#### Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2021, consisted of the following:

	Due from other funds			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 10,559	\$ 380,704	\$ 391,263
Non-Major Governmental Funds	262,363	-	-	262,363
Total	\$ 262,363	\$ 10,559	\$ 380,704	\$ 653,626
Adult Education Fund Due to General Fund to repay temporary loan				\$ 100,000
General Fund due to Deferred Maintenance Fund to transfer LCFF revenues				367,643
Cafeteria Fund due to General Fund to pay off temporary cash transfers, temporary loans and indirect costs				142,434
Miscellaneous other interfund activities				43,549
Total				\$ 653,626

### NOTE 5 – FUND BALANCES

At June 30, 2021, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>				
Revolving cash	\$ 6,640	\$ -	\$ -	\$ 6,640
Stores inventories	-	-	63,278	63,278
Prepaid expenditures	67,886	-	-	67,886
Total Nonspendable	74,526	-	63,278	137,804
<b>Restricted:</b>				
Categorical programs	3,318,372	-	397,219	3,715,591
Student activity funds	-	-	255,374	255,374
Capital projects	-	40,834,891	14,617,901	55,452,792
Debt service	-	-	4,357,521	4,357,521
Total Restricted	3,318,372	40,834,891	19,628,015	63,781,278
<b>Committed:</b>				
Deferred maintenance program	-	-	1,429,868	1,429,868
Total Committed	-	-	1,429,868	1,429,868
<b>Unassigned:</b>				
Remaining unassigned balances	19,407,344	-	-	19,407,344
Total Unassigned	19,407,344	-	-	19,407,344
Total	\$ 22,800,242	\$ 40,834,891	\$ 21,121,161	\$ 84,756,294

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2020	Additions	Retirements	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	\$ 5,487,346	\$ -	\$ -	\$ 5,487,346
Artwork	25,795	-	-	25,795
Construction in progress	2,996,636	2,047,424	1,052,959	3,991,101
Total capital assets not being depreciated	<u>8,509,777</u>	<u>2,047,424</u>	<u>1,052,959</u>	<u>9,504,242</u>
Capital assets being depreciated:				
Land improvements	7,960,699	60,000	-	8,020,699
Buildings and improvements	82,819,214	1,309,362	-	84,128,576
Equipment and vehicles	5,800,323	22,865	-	5,823,188
Total capital assets being depreciated	<u>96,580,236</u>	<u>1,392,227</u>	<u>-</u>	<u>97,972,463</u>
Accumulated depreciation for:				
Land improvements	(1,715,474)	(320,513)	-	(2,035,987)
Buildings and improvements	(34,969,084)	(2,387,617)	-	(37,356,701)
Equipment and vehicles	(5,007,480)	(114,196)	-	(5,121,676)
Total accumulated depreciation	<u>(41,692,038)</u>	<u>(2,822,326)</u>	<u>-</u>	<u>(44,514,364)</u>
Total capital assets being depreciated, net	<u>54,888,198</u>	<u>(1,430,099)</u>	<u>-</u>	<u>53,458,099</u>
Governmental activity capital assets, net	<u>\$ 63,397,975</u>	<u>\$ 617,325</u>	<u>\$ 1,052,959</u>	<u>\$ 62,962,341</u>

Depreciation expense is allocated to the instruction function in the Statement of Activities.

**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS**

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 60,099,418	\$ 9,600,000	\$ 2,536,562	\$ 67,162,856	\$ 1,985,000
Accreted interest component	2,479,505	395,609	63,438	2,811,676	-
Unamortized issuance premium	3,640,408	1,381,919	228,582	4,793,745	247,990
Unamortized issuance discount	(63,960)	-	(7,107)	(56,853)	(7,107)
Total - Bonds	<u>66,155,371</u>	<u>11,377,528</u>	<u>2,821,475</u>	<u>74,711,424</u>	<u>2,225,883</u>
Compensated Absences	760,658	-	292,605	468,053	-
Other Postemployment Benefits	17,453,190	2,607,042	425,115	19,635,117	-
Totals	<u>\$ 84,369,219</u>	<u>\$ 13,984,570</u>	<u>\$ 3,539,195</u>	<u>\$ 94,814,594</u>	<u>\$ 2,225,883</u>

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences and OPEB payments will be paid for by the fund for which the employee worked.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

#### A. General Obligation Bonds

##### **2008 General Obligation Bonds (Measure Q)**

On November 4, 2008, the District was authorized at an election of the registered voters of Santa Paula Union High School District to issue \$39,000,000 in general obligation bonds. The bonds were authorized in order to finance the acquisition, construction, improvement, furnishing and equipping of school facilities for the District. On December 3, 2009, the District issued \$7,800,000 of Series A bonds. On May 16, 2012, the District issued \$6,999,546 of Series B bonds. On October 27, 2016, the District issued \$3,000,000 of Series C bonds. On August 20, 2019, the District issued \$10,000,000 of Series D bonds.

##### **2016 Election General Obligation Bonds (Measure P)**

On June 7, 2016, the District was authorized at an election of the registered voters of the Improvement District to issue \$39,600,000 principal amount of general obligation bonds. The bonds were authorized for the purpose of financing the acquiring, constructing, improving, furnishing and equipping school facilities within the Improvement District. On October 27, 2016, the District issued \$10,000,000 of Series A bonds (2016A). On August 20, 2019 the District issued \$20,000,000 of Series B bonds (2016B). On December 17, 2020 the District issued \$9,600,000 of Series C bonds (2016C).

##### **Prior-Year Defeasance of Debt**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2021, the principal balance on the defeased bonds have been paid.

Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2021 of \$626,241 remain to be amortized.

##### **Source of Repayment on Bonds**

The Bonds are general obligations of the District only. The Board of Supervisors of the County has the power and is obligated to levy and collect ad valorem property taxes for each fiscal year upon the taxable property of the District to pay the principal and interest on each bond as they become due and payable.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**A. General Obligation Bonds (continued)**

Following is a summary of bonds issued by the District and outstanding as of June 30, 2021:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2020	Additions	Deductions	Outstanding, June 30, 2021
<b>HIGH SCHOOL DISTRICT</b>								
<b>Measure Q (2008)</b>								
Series B	2.5%-3.25%	5/16/2012	8/1/2041	\$ 6,999,546	\$ 6,679,418	\$ -	\$ 101,562	\$ 6,577,856
Series C	3.25%-5.0%	10/27/2016	8/1/2044	3,000,000	3,000,000	-	-	3,000,000
Series D	3.0%-4.0%	8/20/2019	8/1/2049	10,000,000	10,000,000	-	100,000	9,900,000
<b>SANTA PAULA UNIFIED SCHOOL DISTRICT</b>								
<b>Refunding Issue</b>								
2016 Refunding	2.0%-4.0%	10/27/2016	8/1/2034	\$ 6,545,000	\$ 6,470,000	-	\$ 320,000	\$ 6,150,000
2017 Refunding	2.0%-5.0%	9/14/2017	8/1/2028	6,560,000	5,510,000	-	515,000	4,995,000
<b>SCHOOL FACILITIES IMPROVEMENT DISTRICT</b>								
<b>Measure P (2016 Authorization)</b>								
Series 2016A	2.0%-4.0%	10/27/2016	8/1/2046	\$ 10,000,000	\$ 8,440,000	-	\$ -	\$ 8,440,000
Series 2016B	3.0%-5.0%	8/20/2019	8/1/2049	20,000,000	20,000,000	-	900,000	19,100,000
Series 2016C	0.45%-4.0%	12/17/2020	8/1/2050	9,600,000	-	9,600,000	600,000	9,000,000
					<u>\$ 60,099,418</u>	<u>\$ 9,600,000</u>	<u>\$ 2,536,562</u>	<u>\$ 67,162,856</u>
Accreted Interest:								
			2008, Series B		<u>\$ 2,479,505</u>	<u>\$ 395,609</u>	<u>\$ 63,438</u>	<u>\$ 2,811,676</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2021, were as follows:

Fiscal Year	Principal	Interest	Total
2021-22	\$ 1,985,000	\$ 2,327,749	\$ 4,312,749
2022-23	1,220,000	2,326,794	3,546,794
2023-24	1,180,000	2,382,781	3,562,781
2024-25	1,185,000	2,341,088	3,526,088
2025-26	1,315,000	2,300,806	3,615,806
2026-31	6,340,000	11,754,746	18,094,746
2031-36	6,792,730	11,417,154	18,209,884
2036-41	9,305,766	12,242,196	21,547,962
2041-46	15,474,360	6,815,735	22,290,095
2046-51	22,365,000	2,051,600	24,416,600
Total	<u>\$ 67,162,856</u>	<u>\$ 55,960,649</u>	<u>\$ 123,123,505</u>

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2021*

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**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability**

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 19,297,956	\$ 2,250,223	\$ 974,784	\$ 1,645,210
MPP Program	337,161	-	-	32,035
Total	\$ 19,635,117	\$ 2,250,223	\$ 974,784	\$ 1,677,245

The details of each plan are as follows:

**District Plan**

***Plan Description***

Santa Paula Unified School District provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. The District administers a single employer defined benefit postemployment healthcare plan for eligible certificated, classified, and management employees. The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

***Benefits Provided***

The postretirement health plans and the District’s obligation vary by employee group as described below.

The District provides for medical/Rx benefits through the Coastal Schools Employee Benefits Organization (CSEBO), a pooled, self-insured Joint Powers Authority offering health insurance to area school districts. Retirees under age 65 have the same rates as active employees. The District also offers dental coverage through Delta Dental and vision coverage through VSP.

The following medical plans are available through CSEBO: Anthem Blue Cross PPO (90, 80, 70), Anthem Blue Cross HMO (80, 60, 10, 30), and Kaiser HMO (10, 30).

Certificated employees may retire with District-paid medical, dental and vision benefits after reaching age 55 and completing at least 10 years of consecutive service with the District in a position requiring certification. Benefits are paid for 5 years (10 years for SPUHSD employees hired prior to January 1, 2006) or until age 65, if earlier.

Classified employees who work at least 6 hours per day (or at least 4 hours per day if hired by SPESD prior to March 1, 1989) may retire with District-paid medical, dental and vision benefits for a period depending on their having met the following age and service requirements:

- Age 55 and 10 years of service - benefits for 5 years or until age 65, if earlier
- Age 55 and 15 years of service - benefits for 7 years or until age 65, if earlier
- Age 55 and 20 years of service - benefits until age 65



**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability (continued)**

**District Plan (continued)**

***Benefits Provided (continued)***

Classified employees hired by SPUHSD between July 1, 2001 and June 30, 2013 who work at least 4 hours per day but less than 6 hours per day receive pro-rated benefits. Classified employees hired by SPUHSD before July 1, 2001 who work at least 4 hours per day receive full benefits.

Benefits are limited to the annual dollar amounts the District contributed to the benefit package at the time of retirement, currently \$13,772 per year for 2020-21. The cost of dental and vision insurance is added on to the District dollar limit for medical insurance.

Certificated Management retirees receive the same benefits as Certificated bargaining unit retirees (as described above). Classified Management and unrepresented retirees receive the same benefits as Classified bargaining unit retirees (as described above).

***Employees Covered by Benefit Terms***

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

Inactive employees or beneficiaries currently receiving benefit payments	28
Active employees	461
Total	<u>489</u>

***Total OPEB Liability***

The District's total OPEB liability of \$19,297,956 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Inflation	3.00 percent
Salary increases	3.00 percent
Healthcare cost trend rates	5.90 percent for 2020, decreasing .10 annually to an ultimate rate of 5.00 in 2029 and later years.
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase according to health care trend rates.

***Discount Rate***

The discount rate is 2.45% for the June 30, 2020 measurement date. The average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability (continued)**

**District Plan (continued)**

***Mortality Rates***

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2019</b>	<u>\$ 17,148,064</u>
<b>Changes for the year:</b>	
Service cost	983,662
Interest	560,921
Changes of assumptions	1,030,424
Benefit payments	(425,115)
Net changes	<u>2,149,892</u>
<b>Balance at June 30, 2020</b>	<u><u>\$ 19,297,956</u></u>

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

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

<u>Discount Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 20,917,770
Current discount rate	\$ 19,297,956
1% increase	\$ 17,802,681

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

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

<u>Healthcare Cost Trend Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 17,283,245
Current trend rate	\$ 19,297,956
1% increase	\$ 21,642,475

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability (continued)**

**District Plan (continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,645,210. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date of the net OPEB liability	\$ 415,866	\$ -
Differences between expected and actual experience	-	597,572
Changes of assumptions	1,834,357	377,212
Total	<u>\$ 2,250,223</u>	<u>\$ 974,784</u>

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability 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 is 8.2 years for the 2019-20 and 20-21 measurement periods and 7.8 years for the 2018-19 measurement period.

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

Year Ended June 30:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 275,595	\$ 174,968
2023	275,595	174,968
2024	275,595	174,968
2025	275,595	174,968
2026	275,595	159,250
Thereafter	<u>456,382</u>	<u>115,662</u>
	<u>\$ 1,834,357</u>	<u>\$ 974,784</u>

**Medicare Premium Payment (MPP) Program**

***Plan Description***

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

#### B. Other Postemployment Benefits (OPEB) Liability (continued)

##### Medicare Premium Payment (MPP) Program (continued)

###### *Benefits Provided*

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

###### *Total OPEB Liability*

At June 30, 2021, the District reported a liability of \$337,161 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Proportion of the Net OPEB Liability	0.079560%	0.081936%	-0.002376%

For the year ended June 30, 2021, the District reported OPEB expense of \$32,035.

###### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability (continued)**

**Medicare Premium Payment (MPP) Program (continued)**

***Actuarial Assumptions and Other Inputs (continued)***

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

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 our 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.

***Discount Rate***

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

***Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

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

<u>Discount Rate</u>	<u>MPP OPEB Liability</u>
1% decrease	\$ 372,825
Current discount rate	\$ 337,161
1% increase	\$ 306,813

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)**

**B. Other Postemployment Benefits (OPEB) Liability (continued)**

**Medicare Premium Payment (MPP) Program (continued)**

***Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates***

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 305,715
Current trend rate	\$ 337,161
1% increase	\$ 373,361

**NOTE 8 – PENSION PLANS**

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

For the fiscal year ended June 30, 2021, the District reported 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	\$ 50,874,523	\$ 15,516,757	\$ 2,948,989	\$ 8,757,964
CalPERS	26,148,737	5,927,024	745,197	4,696,321
Total	<u>\$ 77,023,260</u>	<u>\$ 21,443,781</u>	<u>\$ 3,694,186</u>	<u>\$ 13,454,285</u>

The details of each plan are as follows:

**A. 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.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Plan Description (continued)**

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: <https://www.calstrs.com/general-information/gasb-6768>.

**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 non-employer 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:

	<b>STRP Defined Benefit Program</b>	
	<b>On or before December 31, 2012</b>	<b>On or after January 1, 2013</b>
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

##### 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 June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were \$4,696,979.

##### Pension Liabilities, Pension Expense, and 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:

District's proportionate share of net pension liability	\$	50,874,523
State's proportionate share of the net pension liability associated with the District		26,225,822
Total	\$	<u>77,100,345</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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.052497%	0.053013%	-0.000516%



**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – PENSION PLANS (continued)**

**A. California State Teachers’ Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2021, the District recognized pension expense of \$8,757,964. In addition, the District recognized pension expense and revenue of \$819,984 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	\$ 4,696,979	\$ -
Net change in proportionate share of net pension liability	3,822,424	776,129
Difference between projected and actual earnings on pension plan investments	1,946,597	738,111
Changes of assumptions	4,960,986	-
Differences between expected and actual experience	89,771	1,434,749
Total	<u>\$ 15,516,757</u>	<u>\$ 2,948,989</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 3,077,683	\$ 1,305,179
2023	3,489,261	466,273
2024	2,652,901	376,503
2025	1,043,337	302,377
2026	330,425	287,925
Thereafter	226,171	210,732
Total	<u>\$ 10,819,778</u>	<u>\$ 2,948,989</u>

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

##### Actuarial Methods and Assumptions

The total pension liability for the 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. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our 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 investment rate of return assumption 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 investment staff and investment consultants as inputs 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 current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	(0.4%)

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – PENSION PLANS (continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those 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 the 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%)	\$ 76,864,317
Current discount rate (7.10%)	50,874,523
1% increase (8.10%)	29,416,287

#### 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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$2,967,985.

### B. California Public Employees Retirement System (CalPERS)

#### Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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 Accounting Report. 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/employers/actuarial-resources/gasb>.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – PENSION PLANS (continued)**

**B. California Public Employees Retirement System (CalPERS) (continued)**

**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:

	<b>Schools Pool (CalPERS)</b>	
	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	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

**Contributions**

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a 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 \$2,499,321.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 8 – PENSION PLANS (continued)**

**B. California Public Employees Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and 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 \$26,148,737. 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 proportions of the net pension liability for the two most recent measurement periods were:

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2021</b>	<b>Fiscal Year Ending June 30, 2020</b>	
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.085222%	0.082379%	0.002843%

For the year ended June 30, 2021, the District recognized pension expense of \$4,696,321. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 2,499,321	\$ -
Net change in proportionate share of net pension liability	836,949	91,562
Difference between projected and actual earnings on pension plan investments	1,197,969	653,635
Changes of assumptions	95,888	-
Differences between expected and actual experience	1,296,897	-
Total	<u>\$ 5,927,024</u>	<u>\$ 745,197</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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS) (continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 1,471,293	\$ 549,631
2023	880,268	164,236
2024	618,592	28,482
2025	457,550	2,848
2026	-	-
Thereafter	-	-
Total	<u>\$ 3,427,703</u>	<u>\$ 745,197</u>

##### Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a 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
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2021

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### NOTE 8 – PENSION PLANS (continued)

#### B. California Public Employees Retirement System (CalPERS) (continued)

##### Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

##### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the 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 (6.15%)	\$ 37,593,578
Current discount rate (7.15%)	26,148,737
1% increase (8.15%)	16,650,094

#### C. 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.

#### D. Payables to the Pension Plans

At June 30, 2021, the District reported payables of \$59,988 and \$7,802 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

## SANTA PAULA UNIFIED SCHOOL DISTRICT

### *Notes to Financial Statements*

*June 30, 2021*

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#### **NOTE 9 – JOINT VENTURES**

The Santa Paula Unified School District participates in three joint powers agreement (JPA) entities, the Ventura County Schools Self-Funding Authority (VCSSFA), Coastal Schools Employee Benefits Organization (CSEBO), and the Ventura County Fast Action School Transit Authority (VCFASTA). The relationship between the Santa Paula Unified School District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The VCSSFA provides workers compensation, property and liability coverage for its member school districts through a varying combination of self-insurance and excess coverage. The VCFASTA was established July 1, 1995 for the purpose of providing a county wide distribution system for carrying documents and materials to and from the Ventura County Office of Education and participating public agencies. The CSEBO offers members self-insured programs in medical, dental, and vision benefits. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Financial information is available directly from the JPAs.

#### **NOTE 10 – RISK MANAGEMENT**

##### **Property and Liability and Workers' Compensation**

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 participated in the Ventura County Schools Self-Funding Authority public entity risk pool for property and liability insurance coverage and workers' compensation 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.

##### **Employee Medical Benefits**

The District has contracted with Coastal Schools Employee Benefits Organization (CSEBO) to provide employee medical, dental, and vision benefits.

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

##### **A. State and Federal Allowances, Awards and Grants**

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

##### **B. Construction Commitments**

At June 30, 2021, the District had approximately \$0.48 million with respect to unfinished capital projects to be paid from a combination of state and local funds.

##### **C. Litigation**

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2021.



**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2021*

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**NOTE 12 – RESTATEMENT-CHANGE IN ACCOUNTING PRINCIPLE (GASB No.84)**

Beginning Net Position in the Statement of Activities and Beginning Fund Balance in the Statement of Revenues Expenditures and Changes in Fund Balance have been increased by \$357,606 to account for the balance of the Student Activity Fund which is no longer a Fiduciary Fund under GASB No.84.

**NOTE 13 – SUBSEQUENT EVENT**

On September 22, 2021, the Governing Board approved the issuance of 2008 Series E not to exceed \$11,200,454.10. The sale is expected on December 16, 2021.

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*Required Supplementary Information*

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**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
<b>Revenues</b>				
LCFF Sources	\$ 53,140,095	\$ 57,567,423	\$ 57,583,557	\$ 16,134
Federal Sources	3,159,119	15,325,477	10,826,199	(4,499,278)
Other State Sources	5,294,529	8,285,178	8,402,434	117,256
Other Local Sources	3,463,529	4,615,805	4,545,125	(70,680)
<b>Total Revenues</b>	<b>65,057,272</b>	<b>85,793,883</b>	<b>81,357,315</b>	<b>(4,436,568)</b>
<b>Expenditures</b>				
Current:				
Certificated Salaries	28,825,605	30,158,191	29,959,811	198,380
Classified Salaries	11,231,194	11,762,255	11,794,841	(32,586)
Employee Benefits	17,531,738	18,896,481	18,397,847	498,634
Books and Supplies	3,233,049	8,987,263	5,975,159	3,012,104
Services and Other Operating Expenditures	8,812,832	8,900,780	8,296,740	604,040
Transfers of Indirect Costs	(16,268)	(18,094)	(157,282)	139,188
Capital Outlay	60,000	114,769	67,582	47,187
Intergovernmental	2,420,000	2,420,000	2,753,540	(333,540)
<b>Total Expenditures</b>	<b>72,098,150</b>	<b>81,221,645</b>	<b>77,088,238</b>	<b>4,133,407</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,040,878)	4,572,238	4,269,077	(303,161)
<b>Other Financing Sources and Uses</b>				
Interfund Transfers Out	(190,511)	-	-	-
<b>Total Other Financing Sources and Uses</b>	<b>(190,511)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(7,231,389)	4,572,238	4,269,077	(303,161)
Fund Balances, July 1, 2020	18,522,968	18,531,165	18,531,165	-
Fund Balances, June 30, 2021	\$ 11,291,579	\$ 23,103,403	\$ 22,800,242	\$ (303,161)

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2021*

	Last Ten Fiscal Years*						
	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
<b>CalSTRS</b>							
District's proportion of the net pension liability	0.0525%	0.0530%	0.0519%	0.0509%	0.0510%	0.0520%	0.0400%
District's proportionate share of the net pension liability	\$ 50,874,523	\$ 47,879,574	\$ 47,674,177	\$ 47,117,980	\$ 41,249,310	\$ 35,008,480	\$ 23,374,800
State's proportionate share of the net pension liability associated with the District	26,225,822	26,121,504	27,295,696	27,874,599	23,485,954	18,515,577	14,114,855
Totals	<u>\$ 77,100,345</u>	<u>\$ 74,001,078</u>	<u>\$ 74,969,873</u>	<u>\$ 74,992,579</u>	<u>\$ 64,735,264</u>	<u>\$ 53,524,057</u>	<u>\$ 37,489,655</u>
District's covered-employee payroll	\$ 29,074,339	\$ 29,072,144	\$ 28,245,412	\$ 27,195,787	\$ 26,022,134	\$ 23,845,068	\$ 20,106,776
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.98%	164.69%	168.79%	173.25%	158.52%	146.82%	116.25%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
<b>CalPERS</b>							
District's proportion of the net pension liability	0.0852%	0.0824%	0.0829%	0.0829%	0.0805%	0.0791%	0.0164%
District's proportionate share of the net pension liability	\$ 26,148,737	\$ 24,008,798	\$ 22,106,191	\$ 19,800,825	\$ 15,898,800	\$ 11,659,418	\$ 1,861,799
District's covered-employee payroll	\$ 12,296,937	\$ 11,417,369	\$ 10,942,766	\$ 10,576,238	\$ 9,644,964	\$ 8,943,488	\$ 7,188,402
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.64%	210.28%	202.02%	187.22%	164.84%	130.37%	25.90%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

**Notes to Schedule:**

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Schedule of Pension Contributions*  
*For the Fiscal Year Ended June 30, 2021*

	Last Ten Fiscal Years*						
	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
<b>CalSTRS</b>							
Contractually required contribution	\$ 4,696,979	\$ 4,971,712	\$ 4,732,945	\$ 4,075,813	\$ 3,421,230	\$ 2,792,175	\$ 2,117,442
Contributions in relation to the contractually required contribution	<u>4,696,979</u>	<u>4,971,712</u>	<u>4,732,945</u>	<u>4,075,813</u>	<u>3,421,230</u>	<u>2,792,175</u>	<u>2,117,442</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>29,083,462</u>	<u>29,074,339</u>	<u>\$ 29,072,144</u>	<u>\$ 28,245,412</u>	<u>\$ 27,195,787</u>	<u>\$ 26,022,134</u>	<u>\$ 23,845,068</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>
<b>CalPERS</b>							
Contractually required contribution	\$ 2,499,321	\$ 2,425,079	\$ 2,062,205	\$ 1,699,521	\$ 1,468,828	\$ 1,145,243	\$ 1,052,738
Contributions in relation to the contractually required contribution	<u>2,499,321</u>	<u>2,425,079</u>	<u>2,062,205</u>	<u>1,699,521</u>	<u>1,468,828</u>	<u>1,145,243</u>	<u>1,052,738</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>12,074,014</u>	<u>12,296,937</u>	<u>\$ 11,417,369</u>	<u>\$ 10,942,766</u>	<u>\$ 10,576,238</u>	<u>\$ 9,644,964</u>	<u>\$ 8,943,488</u>
Contributions as a percentage of covered-employee payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.874%</u>	<u>11.771%</u>

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
For the Fiscal Year Ended June 30, 2021*

	Last 10 Fiscal Years*			
	2019-20	2018-19	2017-18	2016-17
<b>Total OPEB liability</b>				
Service cost	\$ 983,662	\$ 848,323	\$ 877,019	\$ 877,018
Interest	560,921	590,542	474,419	469,013
Differences between expected and actual experience	-	(790,336)	-	-
Changes of assumptions or other inputs	1,030,424	1,229,462	(612,970)	-
Benefit payments	(425,115)	(386,396)	(474,627)	(662,930)
<b>Net change in total OPEB liability</b>	<u>2,149,892</u>	<u>1,491,595</u>	<u>263,841</u>	<u>683,101</u>
<b>Total OPEB liability - beginning</b>	<u>17,148,064</u>	<u>15,656,469</u>	<u>15,392,628</u>	<u>14,709,527</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 19,297,956</u></u>	<u><u>\$ 17,148,064</u></u>	<u><u>\$ 15,656,469</u></u>	<u><u>\$ 15,392,628</u></u>
<b>Covered-employee payroll</b>	<u>\$ 43,257,059</u>	<u>\$ 42,198,280</u>	<u>\$ 40,976,226</u>	<u>\$ 34,322,151</u>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<u>44.61%</u>	<u>40.64%</u>	<u>38.21%</u>	<u>44.85%</u>

**Notes to Schedule:**

The discount rate was reduced from 3.13% to 2.45% for the most recent measurement period.

*\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*



**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program*

*For the Fiscal Year Ended June 30, 2021*

Last 10 Fiscal Years\*

	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
District's proportion of net OPEB liability	0.0796%	0.0819%	0.0816%	0.0811%
District's proportionate share of net OPEB liability	\$ 337,161	\$ 305,126	\$ 312,230	\$ 341,155
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

**Notes to Schedule:**

*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.*

*\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

# SANTA PAULA UNIFIED SCHOOL DISTRICT

## Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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### 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 States 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 adoptions 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.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

*Change of assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

#### **Schedule of District 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.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuation.

*Change of assumptions* – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.13 percent to 2.45 percent since the previous valuation.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program**

This schedule presents information on the District’s proportionate share of the net OPEB liability – MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuation.

*Change of assumptions* – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

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*Supplementary Information*

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**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Local Educational Agency Organization Structure*  
*June 30, 2021*

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The Santa Paula Unified School District was formed effective July 1, 2013, as a unification of Santa Paula Elementary School District and Santa Paula Union High School District. The District covers the central section of Ventura County. There were no changes in the boundaries of the District during the year. The District operates six elementary schools, one middle school, one comprehensive high school, and one continuation school.

**GOVERNING BOARD**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Jeri Mead	President	November, 2022
Chris Wilson	Vice President	November, 2024
Daniel Sandoval	Clerk	November, 2024
Anna Villicana Arroyo	Member	November, 2022
Gabriella Ornelas	Member	November, 2024

**DISTRICT ADMINISTRATORS**

Jeffrey Weinstein,  
*Superintendent*

Christine Schieferle,  
*Assistant Superintendent, Educational Services*

Kevin Olson,  
*Assistant Superintendent, Business Services*

Katherine Aguirre,  
*Executive Director of Special Education & Student Support Services*

Cynthia Carrillo,  
*Director of Classified Human Resources*

Dr. Edd Bond,  
*Executive Director of Certificated Human Resources*

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Schedule of Instructional Time*

*For the Fiscal Year Ended June 30, 2021*

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Number of Instructional Days				
Grade Level	Number of Days			Status
	Actual	Waiver	Total	
Kindergarten	180	0	180	Complied
Grade 1	180	0	180	Complied
Grade 2	180	0	180	Complied
Grade 3	180	0	180	Complied
Grade 4	180	0	180	Complied
Grade 5	180	0	180	Complied
Grade 6	180	0	180	Complied
Grade 7	180	0	180	Complied
Grade 8	180	0	180	Complied
Grade 9	180	0	180	Complied
Grade 10	180	0	180	Complied
Grade 11	180	0	180	Complied
Grade 12	180	0	180	Complied



**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Schedule of Financial Trends and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

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General Fund	(Budget) 2022 <sup>2</sup>	2021	2020	2019
Revenues and other financing sources	\$ 86,555,752	\$ 81,357,315	\$ 73,583,607	\$ 74,290,496
Expenditures	81,996,199	77,088,238	73,040,164	73,112,576
Change in fund balance (deficit)	4,559,553	4,269,077	543,443	1,177,920
Ending fund balance	<u>\$ 27,359,795</u>	<u>\$ 22,800,242</u>	<u>\$ 18,531,165</u>	<u>\$ 17,987,722</u>
Available reserves <sup>1</sup>	<u>\$ 14,872,630</u>	<u>\$ 19,407,344</u>	<u>\$ 16,584,987</u>	<u>\$ 13,018,413</u>
Available reserves as a percentage of total outgo	<u>18.1%</u>	<u>25.2%</u>	<u>22.7%</u>	<u>17.8%</u>
Total long-term debt	<u>\$ 169,611,971</u>	<u>\$ 171,837,854</u>	<u>\$ 156,257,591</u>	<u>\$ 122,322,564</u>
Average daily attendance at P-2	<u>4,674</u>	<u>N/A</u>	<u>4,889</u>	<u>5,028</u>

The General Fund balance has increased by \$4,812,520 over the past two years. The fiscal year 2021-22 adopted budget projects an increase of \$4,559,553. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, and expects an operating surplus again in the 2021-22 fiscal year. Long-term debt has increased by \$49,515,290 over the past two years.

The District did not report ADA in fiscal year 2020-21. Budgeted ADA for fiscal year 2021-22 is projected to be 4,674 which is a decrease of 139 ADA from 2019-20.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund.

<sup>2</sup> Revised Final Budget September, 2021.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

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

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*There were no differences between the Annual Financial and Budget Report and the  
Audited Financial Statements in any funds.*

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Combining Balance Sheet - Non-Major Governmental Funds*  
*June 30, 2021*

	Student Activity Fund	Adult Education Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>									
Deposits and investments	\$ 255,374	\$ 93,989	\$ 188,714	\$ 1,062,225	\$ 4,818,830	\$ 2,082,348	\$ 7,720,154	\$ 4,357,521	\$ 20,579,155
Accounts receivable	-	26,679	393,321	-	-	-	-	-	420,000
Due from other funds	-	-	13,061	367,643	-	-	-	-	380,704
Inventories	-	-	63,278	-	-	-	-	-	63,278
Total Assets	<u>\$ 255,374</u>	<u>\$ 120,668</u>	<u>\$ 658,374</u>	<u>\$ 1,429,868</u>	<u>\$ 4,818,830</u>	<u>\$ 2,082,348</u>	<u>\$ 7,720,154</u>	<u>\$ 4,357,521</u>	<u>\$ 21,443,137</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 47,283	\$ -	\$ -	\$ -	3,431	\$ -	\$ 50,714
Due to other funds	-	119,929	142,434	-	-	-	-	-	262,363
Unearned revenue	-	-	8,899	-	-	-	-	-	8,899
Total Liabilities	-	119,929	198,616	-	-	-	3,431	-	321,976
<b>Fund Balances</b>									
Nonspendable	-	-	63,278	-	-	-	-	-	63,278
Restricted	255,374	739	396,480	-	4,818,830	2,082,348	7,716,723	4,357,521	19,628,015
Committed	-	-	-	1,429,868	-	-	-	-	1,429,868
Total Fund Balances	<u>255,374</u>	<u>739</u>	<u>459,758</u>	<u>1,429,868</u>	<u>4,818,830</u>	<u>2,082,348</u>	<u>7,716,723</u>	<u>4,357,521</u>	<u>21,121,161</u>
Total Liabilities and Fund Balances	<u>\$ 255,374</u>	<u>\$ 120,668</u>	<u>\$ 658,374</u>	<u>\$ 1,429,868</u>	<u>\$ 4,818,830</u>	<u>\$ 2,082,348</u>	<u>\$ 7,720,154</u>	<u>\$ 4,357,521</u>	<u>\$ 21,443,137</u>

See accompanying notes to supplementary information.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2021*

	Student Activity Fund	Adult Education Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>									
LCFF sources	\$ -	\$ -	\$ -	\$ 367,643	\$ -	\$ -	\$ -	\$ -	\$ 367,643
Federal sources	-	-	2,735,891	-	-	-	-	-	2,735,891
Other state sources	-	405,776	121,003	-	-	1,658,457	-	30,393	2,215,629
Other local sources	86,801	390	5,994	5,505	1,758,234	6,115	784,430	3,788,951	6,436,420
Total Revenues	86,801	406,166	2,862,888	373,148	1,758,234	1,664,572	784,430	3,819,344	11,755,583
<b>EXPENDITURES</b>									
Current:									
Instructional Related Services:									
Instruction	-	302,628	-	-	-	-	-	-	302,628
Supervision of instruction	-	107,016	-	-	-	-	-	-	107,016
Pupil Support Services:									
Food services	-	-	2,905,419	-	-	-	-	-	2,905,419
General Administration Services:									
Other general administration	-	-	-	-	1,509	-	-	-	1,509
Plant services	-	-	7,771	57,850	-	-	65,623	-	131,244
Ancillary services	189,033	-	-	-	-	-	-	-	189,033
Transfers of indirect costs	-	19,929	137,353	-	-	-	-	-	157,282
Capital outlay	-	-	-	-	2,750	-	-	-	2,750
Debt service:									
Issuance cost	-	-	-	-	-	-	-	62,400	62,400
Principal	-	-	-	-	-	-	-	2,536,562	2,536,562
Interest	-	-	-	-	-	-	-	2,093,381	2,093,381
Total Expenditures	189,033	429,573	3,050,543	57,850	4,259	-	65,623	4,692,343	8,489,224
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,232)	(23,407)	(187,655)	315,298	1,753,975	1,664,572	718,807	(872,999)	3,266,359
<b>OTHER FINANCING SOURCES (USES)</b>									
Premiums on general obligation bonds	-	-	-	-	-	-	-	1,381,919	1,381,919
Total Other Financing Sources and Uses	-	-	-	-	-	-	-	1,381,919	1,381,919
Net Change in Fund Balances	(102,232)	(23,407)	(187,655)	315,298	1,753,975	1,664,572	718,807	508,920	4,648,278
Fund Balances, July 1, 2020, as originally stated	-	24,146	647,413	1,114,570	3,064,855	417,776	6,997,916	3,848,601	16,115,277
Adjustment for restatement (note 12)	357,606	-	-	-	-	-	-	-	357,606
Fund Balances, July 1, 2020, as restated	357,606	24,146	647,413	1,114,570	3,064,855	417,776	6,997,916	3,848,601	16,472,883
Fund Balances, June 30, 2021	\$ 255,374	\$ 739	\$ 459,758	\$ 1,429,868	\$ 4,818,830	\$ 2,082,348	\$ 7,716,723	\$ 4,357,521	\$ 21,121,161

See accompanying notes to supplementary information.

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2021*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S.Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 558,272	
National School Lunch Program	10.555	13523	1,002,260	
USDA Donated Foods	10.555	13396	<u>220,684</u>	
Total Child Nutrition Cluster				\$ 1,781,216
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	13393	501,221	
Cash in Lieu of Commodities	10.558	13389	<u>38,736</u>	
Total Child and Adult Care Food Program				539,957
Fresh Fruit and Vegetable Program	10.582	14968		<u>96,042</u>
Total U.S.Department of Agriculture				<u>2,417,215</u>
U.S. Department of Treasury:				
Passed through California Department of Education (CDE):				
COVID-19: Coronavirus Relief Fund	21.019	25516		<u>5,812,720</u>
Total U.S. Department of Treasury				<u>5,812,720</u>
U.S.Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA)				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	812,277	
ESEA: ESSA School Improvement	84.010	15438	<u>108,345</u>	
Total Title I Grants				920,622
Title II, Part A, Supporting Effective Instruction	84.367	14341		99,300
English Language Acquisition Grants:				
Title III, Immigrant Education Program	84.365	15146	1,217	
Title III, Limited English Proficiency	84.365	14346	<u>204,538</u>	
Total English Language Acquisition Grants:				205,755
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	997,259	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,180,284	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	368,009	
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	<u>318,676</u>	
Subtotal Education Stabilization Fund				2,864,228
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	976,599	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	<u>34,280</u>	
Total Special Education (IDEA) Cluster				1,010,879
Carl Perkins, Career and Technical Education: Secondary	84.048	14894		<u>46,062</u>
Total U.S.Department of Education				<u>5,146,846</u>
Total Expenditures of Federal Awards				<u>\$ 13,376,781</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

# SANTA PAULA UNIFIED SCHOOL DISTRICT

Note to Supplementary Information

June 30, 2021

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## NOTE 1 – PURPOSE OF SCHEDULES

### Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

### 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.

### 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.

### Combining Fund Financial Statements

Combining fund balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

### Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a 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.

	Assistance Listing	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 13,562,090
Differences between Federal Revenues and Expenditures:		
COVID-19: Coronavirus Relief Fund	21.019	<u>(185,309)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 13,376,781</u>

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*Other Independent Auditors' Reports*

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**INDEPENDENT AUDITORS' 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  
Santa Paula Unified School District  
Santa Paula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Paula Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Santa Paula Unified School District's basic financial statements, and have issued our report thereon dated December 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Santa Paula Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Santa Paula Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Santa Paula Unified School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 Santa Paula Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Murrieta, California

December 3, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board  
Santa Paula Unified School District  
Santa Paula, California

**Report on Compliance for Each Major Federal Program**

We have audited Santa Paula Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Santa Paula Unified School District's major federal programs for the year ended June 30, 2021. Santa Paula Unified School District's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Santa Paula Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Paula Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Santa Paula Unified School District's compliance.

***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

Management of Santa Paula Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Paula Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.



Murrieta, California  
December 3, 2021



**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Governing Board  
 Santa Paula Unified School District  
 Santa Paula, California

**Report on State Compliance**

We have audited Santa Paula Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Santa Paula Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

**Management's Responsibility**

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Santa Paula Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2020-21 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 types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Santa Paula Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Santa Paula Unified School District's compliance.

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

Description	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
Ratio of Administrative Employees to Teachers	Yes

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study - Course Based	Not Applicable
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

***Unmodified Opinion on Compliance with State Programs***

In our opinion, Santa Paula Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

*Nigro + Nigro, P.C.*

Murrieta, California  
December 3, 2021

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*Schedule of Findings and Questioned Costs*

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**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Summary of Auditors' Results*

*For the Fiscal Year Ended June 30, 2021*

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)	<u>No</u>
Identification of major programs:	
<u>Assistance Listing</u> <u>Name of Federal Program or Cluster</u>	
<u>84.425, 84.425D, 84.425C</u> <u>COVID-19 Education Stabilization Fund</u>	
<u>21.019</u> <u>COVID-19: Coronavirus Relief Fund</u>	

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

***State Awards***

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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## SANTA PAULA UNIFIED SCHOOL DISTRICT

### *Financial Statement Findings*

*For the Fiscal Year Ended June 30, 2021*

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This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

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

*There were no financial statement findings in 2020-21.*

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*Federal Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2021*

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This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

*There were no federal award findings or questioned costs in 2020-21.*

**SANTA PAULA UNIFIED SCHOOL DISTRICT**  
*State Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2021*

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

*There were no state award findings or questioned costs in 2020-21.*

**SANTA PAULA UNIFIED SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2021*

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2020-001: CALPADS Unduplicated Pupil Count</i></p>	<p>Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:</p> <ul style="list-style-type: none"> <li>• Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (<i>EC</i> sections 2574(b)(2) and 42238.02(b)(1)).</li> <li>• Divided by total enrollment in the LEA (<i>EC</i> sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.</li> </ul> <p>During our testing of the students who receive Free and Reduced-Price Meals (FRPM) reported in the CALPADS 1.17 and 1.18 reports, we noted one student who was classified as reduced but did not have an application or income eligibility form on file to support the designation prior to October 31.</p>	<p>40000</p>	<p>We recommend that the District implement a procedure to review the CALPADS information prior to the reports submission to the California Department of Education.</p>	<p>Implemented</p>

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Governing Board  
Santa Paula Unified School District  
Santa Paula, California

In planning and performing our audit of the basic financial statements of Santa Paula Unified School District for the year ending June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 3, 2021, on the financial statements of Santa Paula Unified School District.

#### **DISTRICT OFFICE**

**Observation:** In our test of cash disbursements, we noted that 3 of the 70 disbursements selected in our sample did not receive approval prior to purchase. Furthermore, 1 of the 70 disbursements selected in our sample lacked receipts and documentation.

**Recommendation:** Disbursements should be preapproved to ensure they are allowable and are within budgetary restrictions. We recommend that the District obtain proper approvals prior to making expenditures and ensure that credit card holders are turning in all original receipts for their card expenditures.

We will review the status of the current year comments during our next audit engagement

*Nigro + Nigro, PC.*

Murrieta, California  
December 3, 2021