

**VICTOR ELEMENTARY SCHOOL DISTRICT
SAN BERNARDINO COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2021**

NIGRO & NIGRO^{PC}

VICTOR ELEMENTARY SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2021
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A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Victor Elementary School District
Victorville, 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 Victor Elementary 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 Victor Elementary 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

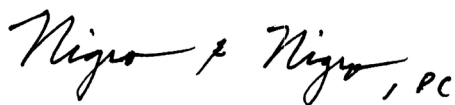
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total 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 69 to 73 and the schedule of expenditures of federal awards on page 75 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 pages 68 and 74 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 January 18, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
January 18, 2022

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

INTRODUCTION

This section of Victor Elementary School District's (VESD) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read this analysis in conjunction with the District's audited financial statements.

- The District is currently operating sixteen schools and two charter schools. VESD has an enrollment of 11,996 students for month 4 of the current school year with enrollment projected to increase 104 for 2022-2023.

FINANCIAL HIGHLIGHTS

- Total net position increased 132.8% over the course of the year.
- The District's General Fund available reserves were 15.4% of total outgo.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government Wide Financial Statements – these district wide statements provide both short term and long-term information about the District's overall financial status.
- Fund Financial Statements – these focus on individual parts of the District, reporting the District's operations in more detail than the district wide statements.
- Notes to the financial statements provide more detailed data and explain some of the information on the statements. The required supplementary information section provides further explanations and supports the financial statements with a comparison of the District's budget for the year.

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 2020-21 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 they have changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position. However, to assess the overall health of the District, additional non-financial factors such as changes in the District's condition of school buildings and other facilities need to be considered.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" 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 bond covenants.

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

VESD has two kinds of funds:

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 can readily be converted to cash flow in and out
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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Fiduciary Funds – The District is a trustee, or fiduciary, for assets that belong to the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district wide financial statements because the District cannot use these assets to finance its operations.

THE SCHOOL DISTRICT AS A WHOLE

One of the frequent questions asked about the District's finances is, "Is the District better off or worse as a result of the year's activities?" The "Statement of Net Position" and the "Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question.

Statement of Net Position and the Statement of Activities

VESD's combined net position was \$43.9 million as of June 30, 2021, an increase of \$25.1 million more than it was the year before. Current assets increased due to revenues from the Cares Act, Prop 98 Learning Loss Mitigation funds, and the Expanded Learning Opportunities Grant.

	Governmental Activities		Variance
	2021	2020*	Increase (Decrease)
Assets			
Current assets	\$ 159,298,661	\$ 103,046,478	\$ 56,252,183
Capital assets	158,872,692	165,373,080	(6,500,388)
Total Assets	<u>318,171,353</u>	<u>268,419,558</u>	<u>49,751,795</u>
Deferred Outflows of Resources	<u>57,731,360</u>	<u>42,384,833</u>	<u>15,346,527</u>
Liabilities			
Current Liabilities	33,563,312	19,938,475	13,624,837
Long-term Liabilities	142,390,580	130,704,802	11,685,778
Net Pension Liability	149,244,973	132,724,948	16,520,025
Total Liabilities	<u>325,198,865</u>	<u>283,368,225</u>	<u>41,830,640</u>
Deferred Inflows of Resources	<u>6,772,428</u>	<u>8,569,139</u>	<u>(1,796,711)</u>
Net Position			
Net investment in capital assets	107,309,567	113,176,974	(5,867,407)
Restricted	65,661,200	42,650,847	23,010,353
Unrestricted	(129,039,347)	(136,960,794)	7,921,447
Total Net Position	<u>\$ 43,931,420</u>	<u>\$ 18,867,027</u>	<u>\$ 25,064,393</u>

* As restated

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

THE SCHOOL DISTRICT AS A WHOLE (continued)

Statement of Activities

Revenues for the District's governmental activities were \$212.2 million, an increase of \$19.4 million from last year. Total expenses were \$187.1 million, a decrease of \$1.6 million. The Statement of Activities represents the summary of expenses and revenues by governmental functions/programs. The table below presents the costs of major district activities.

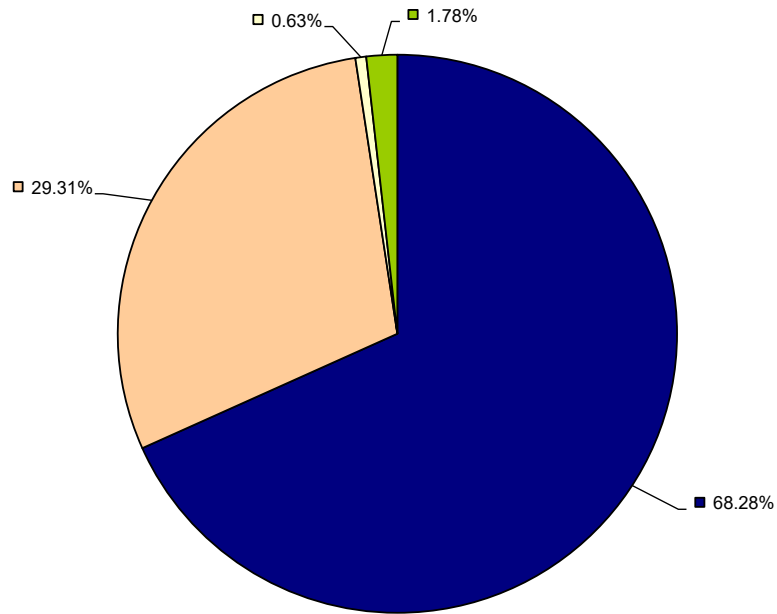
Revenues	Governmental Activities		Variance Increase (Decrease)
	2021	2020	
Program Revenues			
Charges for services	\$ 1,328,694	\$ 1,021,251	\$ 307,443
Operating grants and contributions	62,183,382	24,860,987	37,322,395
Capital grants and contributions	1,640,360	10,722,489	(9,082,129)
General Revenues:			
Federal and state aid not restricted	125,300,604	129,541,193	(4,240,589)
Property taxes	19,569,499	15,700,078	3,869,421
Other general revenues	2,139,337	10,896,098	(8,756,761)
Total Revenues	212,161,876	192,742,096	19,419,780
Expenses			
Instruction-related	129,854,299	119,439,655	10,414,644
Pupil services	22,370,835	24,446,426	(2,075,591)
Administration	8,308,064	9,314,959	(1,006,895)
Plant Services	19,278,092	19,582,390	(304,298)
All other activities	7,286,193	15,928,731	(8,642,538)
Total Expenses	187,097,483	188,712,161	(1,614,678)
Increase (decrease: in net position)	\$ 25,064,393	\$ 4,029,935	\$ 21,034,458
Total Net Position	\$ 43,931,420	\$ 18,867,027	

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

THE SCHOOL DISTRICT AS A WHOLE (continued)

Statement of Activities (continued)

The chart below represents the summary of Revenues by Governmental Function.



■ Federal & State Aid \$144,870,103 - 68.28%	■ Federal & State Grants \$62,183,382 - 29.31%	□ Charges for Services \$1,328,694 - 0.63%	■ Other \$3,779,697 - 1.78%
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VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds had combined fund balances of \$126.1 million, up \$42.6 million from 2019-20. The General fund increase is due primarily to new revenues from the Cares Act, Prop 98 Learning Loss Mitigation funds, and the Expanded Learning Opportunities Grant. Increases to the Special Reserve fund are from reimbursement funds from the State for prior year facilities projects, a transfer in CFD funds from the City of Victorville to VESD and due to a one-time transfer from the General fund for future school facilities. Refer to the table below for individual funds.

Fund	Fund Balances				June 30, 2021
	7/1/2020*	Revenues	Expenditures	Other Sources and Uses	
General Fund	\$ 38,086,034	\$ 192,718,193	\$ 157,922,358	\$ (8,000,000)	\$ 64,881,869
Student Activity Fund	39,886	261	-	-	40,147
Charter School Fund	3,563,153	6,103,218	4,733,603	-	4,932,768
Cafeteria Fund	3,960,773	6,944,121	6,944,121	-	3,960,773
Deferred Maintenance Fund	120,598	2,245	-	-	122,843
Special Reserve Fund -- Post Employment Benefits	344,034	6,402	-	-	350,436
Building Fund	-	90	-	(90)	-
Capital Facilities Fund	1,032,602	1,356,344	105,928	-	2,283,018
County School Facilities Fund	-	1,640,360	-	(1,640,360)	-
Special Reserve Fund -- Capital Outlay	27,909,830	2,694,408	62,146	12,701,032	43,243,124
Capital Outlay Fund -- Blended Component Units	3,198,621	498,536	62,012	(3,060,582)	574,563
Bond Interest and Redemption Fund	5,298,888	5,264,001	4,804,603	-	5,758,286
Totals	\$ 83,554,419	\$ 217,228,179	\$ 174,634,771	\$ -	\$ 126,147,827

*As restated

The above funds are accounting devices the District uses to keep track of specific sources of funding and spending. The most significant budgeted fund is the General Fund.

In June of each year, a budget is adopted by the Victor Elementary School District's Board of Trustees, effective July 1 through June 30. The budget is based on year ending projections from the previous year's budget, the State of California's projected budget and projected District growth. As the school year progresses, the budget is revised and updated with financial reports made public outlining the revisions. Finally, in August of the following year, the books are closed for the July 1 through June 30 fiscal year and the results are audited, yielding actual final numbers.

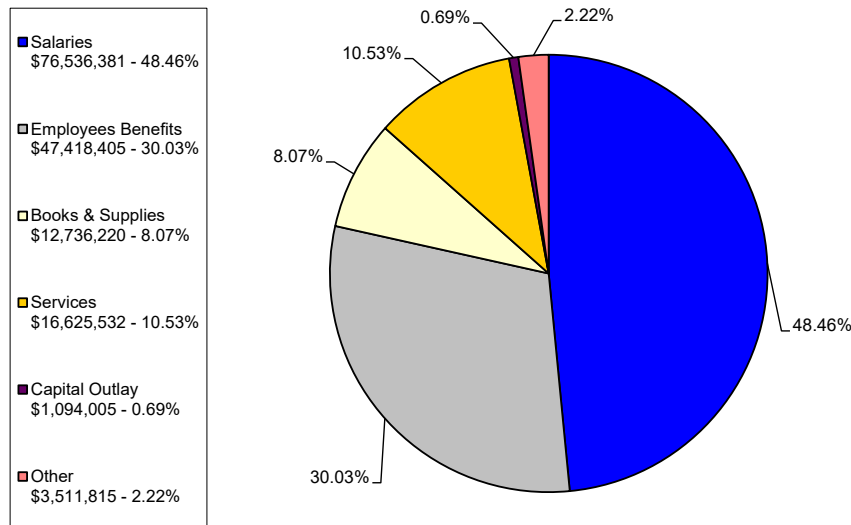
VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund

There are several reasons for Budget revisions. Most notable are the final passage of the State of California Budget and any salary increases granted by the Board of Trustees for district employees. The implementation of new instructional or categorical programs can also require budget revisions, such as the Cares Act, Prop 98 Learning Loss Mitigation funds and the Expanded Learning Opportunities Grant.

The General Fund ending balance in 2020-21 increased \$26.8 million from 2019-20. Operating expenses can be classified in six categories. The chart below shows the General Fund expenditures for 2020-21.

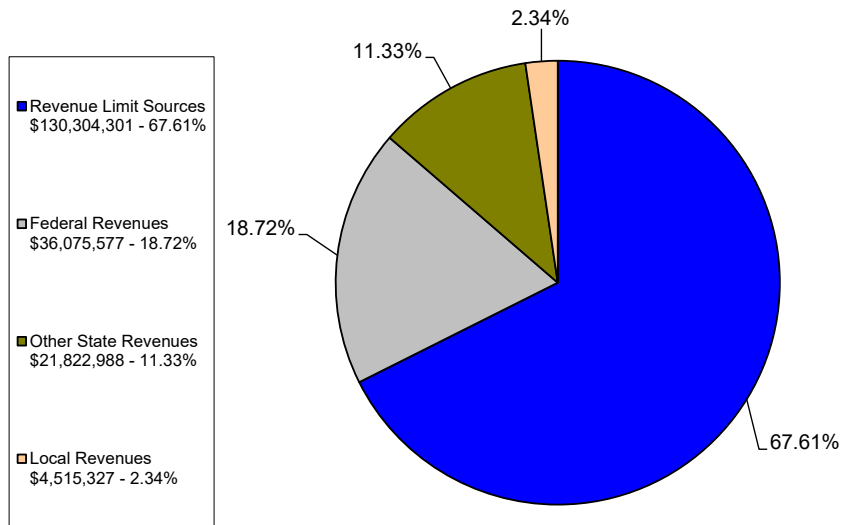


VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund (continued)

General Fund revenues can be divided into four classifications. Below is a chart showing 2020-21 General Fund Revenues:



VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

VESD's investment in net capital assets amounts to \$158.9 million. The table below shows the individualized amounts, net of depreciation.

	Governmental Activities		Variance
	2021	2020	Increase (Decrease)
Land	\$ 16,393,649	\$ 16,393,649	\$ -
Improvement of Sites	4,933,620	5,325,843	(392,223)
Buildings	128,607,314	133,570,126	(4,962,812)
Equipment	8,900,399	10,045,752	(1,145,353)
Construction in Progress	37,710	37,710	-
Totals	<u>\$ 158,872,692</u>	<u>\$ 165,373,080</u>	<u>\$ (6,500,388)</u>

The buildings consist of sixteen schools, two charter schools, the District office, maintenance and warehouse facility, cafeteria facilities, a Family Resource Center with meeting rooms, a transportation facility and a district office.

Long Term Debt

At year-end, the District had \$142.4 million in long term debt other than pensions. The chart below describes the various debt vehicles and a comparison with last year.

	Governmental Activities		Variance
	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 74,558,955	\$ 75,796,241	\$ (1,237,286)
Compensated Absences Payable	785,975	885,239	(99,264)
Post Employment Benefits	67,045,650	54,023,322	13,022,328
Totals	<u>\$ 142,390,580</u>	<u>\$ 130,704,802</u>	<u>\$ 11,685,778</u>

Net pension liability increased during the year by \$16.5 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.

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FACTORS BEARING ON DISTRICT'S FUTURE (continued)

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.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FACTORS BEARING ON DISTRICT'S FUTURE (continued)

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten (continued)

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 Victor Elementary 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 financial information, contact the District's Business Office at 12219 2nd Street, Victorville, California 92395.

VICTOR ELEMENTARY SCHOOL DISTRICT*Statement of Net Position**June 30, 2021*

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 115,867,752
Accounts receivable	42,876,448
Inventories	449,213
Prepaid expenses	105,248
Capital assets:	
Non-depreciable assets	16,431,359
Depreciable assets	233,303,129
Less accumulated depreciation	<u>(90,861,796)</u>
Total assets	<u>318,171,353</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	44,970,589
Deferred outflows related to OPEB	12,183,517
Deferred amounts on refunding	<u>577,254</u>
Total deferred outflows of resources	<u>57,731,360</u>
LIABILITIES	
Accounts payable	33,259,597
Unearned revenue	303,715
Long-term liabilities other than pensions:	
Portion due or payable within one year	4,361,354
Portion due or payable after one year	138,029,226
Net pension liability	<u>149,244,973</u>
Total liabilities	<u>325,198,865</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	5,905,676
Deferred inflows related to OPEB	<u>866,752</u>
Total deferred inflows of resources	<u>6,772,428</u>
NET POSITION	
Net investment in capital assets	107,309,567
Restricted for:	
Capital projects	45,526,142
Debt service	5,758,286
Student activity funds	40,147
Education and nutrition programs	14,336,625
Unrestricted	<u>(129,039,347)</u>
Total net position	<u>\$ 43,931,420</u>

VICTOR ELEMENTARY 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
Governmental Activities					
Instructional Services:					
Instruction	\$ 113,796,635	\$ -	\$ 39,416,915	\$ 1,640,360	\$ (72,739,360)
Instruction-Related Services:					
Supervision of instruction	2,431,416	-	1,262,551	-	(1,168,865)
Instructional library, media and technology	1,751,603	-	443,230	-	(1,308,373)
School site administration	11,874,645	-	470,004	-	(11,404,641)
Pupil Support Services:					
Home-to-school transportation	5,782,402	-	3,475,676	-	(2,306,726)
Food services	7,644,417	2,751	6,819,864	-	(821,802)
All other pupil services	8,944,016	32,524	1,536,204	-	(7,375,288)
General Administration Services:					
Data processing services	1,128,689	-	45,327	-	(1,083,362)
Other general administration	7,179,375	1,983	1,635,627	-	(5,541,765)
Plant services	19,278,092	35,810	6,327,489	-	(12,914,793)
Ancillary services	-	-	262	-	262
Community services	385,099	-	-	-	(385,099)
Interest on long-term debt	3,576,075	-	-	-	(3,576,075)
Other outgo	3,325,019	1,255,626	750,233	-	(1,319,160)
Total Governmental Activities	\$ 187,097,483	\$ 1,328,694	\$ 62,183,382	\$ 1,640,360	(121,945,047)
General Revenues:					
Property taxes					19,569,499
Federal and state aid not restricted to specific purpose					125,300,604
Interest and investment earnings					1,038,532
Miscellaneous					1,100,805
Total general revenues					147,009,440
Change in net position					25,064,393
Net position - July 1, 2020, as originally stated					18,827,141
Adjustment for restatement (Note 12)					39,886
Net position - July 1, 2020, as restated					18,867,027
Net position - June 30, 2021					\$ 43,931,420

VICTOR ELEMENTARY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	\$ 64,986,302	\$ 4,447,074	\$ 3,457,878	\$ 34,217,075	\$ 8,759,423	\$ 115,867,752
Accounts receivable	41,109,705	997,786	685,251	37,881	45,825	42,876,448
Due from other funds	728,503	643,307	130,931	8,991,318	-	10,494,059
Inventories	223,370	-	225,843	-	-	449,213
Prepaid expenditures	105,248	-	-	-	-	105,248
Total Assets	<u>\$ 107,153,128</u>	<u>\$ 6,088,167</u>	<u>\$ 4,499,903</u>	<u>\$ 43,246,274</u>	<u>\$ 8,805,248</u>	<u>\$ 169,792,720</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 31,877,498	\$ 884,108	\$ 81,918	\$ 3,150	\$ 445	\$ 32,847,119
Due to other funds	9,739,610	271,291	457,212	-	25,946	10,494,059
Unearned revenue	303,715	-	-	-	-	303,715
Total Liabilities	<u>41,920,823</u>	<u>1,155,399</u>	<u>539,130</u>	<u>3,150</u>	<u>26,391</u>	<u>43,644,893</u>
Fund Balances						
Nonspendable	378,618	-	235,876	-	-	614,494
Restricted	10,093,371	282,481	3,724,897	43,243,124	8,656,014	65,999,887
Committed	-	-	-	-	122,843	122,843
Assigned	29,157,480	4,650,287	-	-	-	33,807,767
Unassigned	25,602,836	-	-	-	-	25,602,836
Total Fund Balances	<u>65,232,305</u>	<u>4,932,768</u>	<u>3,960,773</u>	<u>43,243,124</u>	<u>8,778,857</u>	<u>126,147,827</u>
Total Liabilities and Fund Balances	<u>\$ 107,153,128</u>	<u>\$ 6,088,167</u>	<u>\$ 4,499,903</u>	<u>\$ 43,246,274</u>	<u>\$ 8,805,248</u>	<u>\$ 169,792,720</u>

VICTOR ELEMENTARY SCHOOL DISTRICT

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

Total fund balances - governmental funds \$ 126,147,827

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	249,734,488	
Accumulated depreciation	<u>(90,861,796)</u>	
Net:		158,872,692

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: (412,478)

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 period were: 577,254

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	74,558,955	
Compensated absences	785,975	
Other postemployment benefits	<u>67,045,650</u>	
Total		(142,390,580)

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. (149,244,973)

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:

Deferred outflows of resources relating to OPEB	12,183,517	
Deferred inflows of resources relating to OPEB	<u>(866,752)</u>	11,316,765

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 and inflows relating to pensions for the period were:

Deferred outflows of resources relating to pensions	44,970,589	
Deferred inflows of resources relating to pensions	<u>(5,905,676)</u>	<u>39,064,913</u>

Total net position - governmental activities \$ 43,931,420

VICTOR ELEMENTARY SCHOOL DISTRICT

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

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 130,304,301	\$ 4,606,642	\$ -	\$ -	\$ -	\$ 134,910,943
Federal sources	36,075,577	725,864	6,350,487	-	-	43,151,928
Other state sources	21,822,988	680,472	535,726	-	1,558,404	24,597,590
Other local sources	4,521,729	90,240	57,908	2,694,408	7,203,433	14,567,718
Total Revenues	192,724,595	6,103,218	6,944,121	2,694,408	8,761,837	217,228,179
EXPENDITURES						
Current:						
Instructional Services:						
Instruction	101,342,847	3,203,822	-	-	-	104,546,669
Instruction-Related Services:						
Supervision of instruction	2,380,903	1,689	-	-	-	2,382,592
Instructional library, media and technology	1,513,754	16,115	-	-	-	1,529,869
School site administration	10,132,825	865,628	-	-	-	10,998,453
Pupil Support Services:						
Home-to-school transportation	5,171,441	-	-	-	-	5,171,441
Food services	375,328	106	6,452,461	-	-	6,827,895
All other pupil services	8,296,875	189,679	-	-	-	8,486,554
Community services	348,821	-	-	-	-	348,821
General Administration Services:						
Data processing services	1,045,873	-	-	-	-	1,045,873
Other general administration	6,515,375	-	-	-	-	6,515,375
Plant services	16,881,307	456,564	181,070	-	-	17,518,941
Transfers of indirect costs	(310,590)	-	310,590	-	-	-
Capital outlay	405,194	-	-	62,146	167,940	635,280
Intergovernmental transfers	3,822,405	-	-	-	-	3,822,405
Debt service:						
Principal	-	-	-	-	3,026,252	3,026,252
Interest	-	-	-	-	1,778,351	1,778,351
Total Expenditures	157,922,358	4,733,603	6,944,121	62,146	4,972,543	174,634,771
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	34,802,237	1,369,615	-	2,632,262	3,789,294	42,593,408
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	-	12,701,032	-	12,701,032
Interfund transfers out	(8,000,000)	-	-	-	(4,701,032)	(12,701,032)
Total Other Financing Sources and Uses	(8,000,000)	-	-	12,701,032	(4,701,032)	-
Net Change in Fund Balances	26,802,237	1,369,615	-	15,333,294	(911,738)	42,593,408
Fund Balances, July 1, 2020, as originally stated	38,430,068	3,563,153	3,960,773	27,909,830	9,650,709	83,514,533
Adjustment for restatement (Note 12)	-	-	-	-	39,886	39,886
Fund Balances, July 1, 2020, as restated	38,430,068	3,563,153	3,960,773	27,909,830	9,690,595	83,554,419
Fund Balances, June 30, 2021	\$ 65,232,305	\$ 4,932,768	\$ 3,960,773	\$ 43,243,124	\$ 8,778,857	\$ 126,147,827

VICTOR ELEMENTARY 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 \$ 42,593,408

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:

	1,133,805	
Expenditures for capital outlay		
Depreciation expense	(7,634,193)	(6,500,388)

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: 3,026,252

The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. Deferred amounts on refunding exceeded the amount amortized during the year by: (51,523)

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. The difference between accreted interest earned and paid for the period is: (2,019,753)

In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was: (3,647,471)

In governmental funds, compensated absences are measured by the amount paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between absences paid and compensated absences earned was: 99,264

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: 33,937

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is: 230,787

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (8,700,120)

Change in net position of governmental activities \$ 25,064,393

VICTOR ELEMENTARY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2021

	CFD Debt Service Fund
ASSETS	
Deposits and investments	\$ 2,758,107
Accounts receivable	<u>23</u>
Total Assets	<u>2,758,130</u>
LIABILITIES	
Accounts payable	<u>-</u>
NET POSITION	
Restricted for CFD debt service	<u><u>\$ 2,758,130</u></u>

VICTOR ELEMENTARY SCHOOL DISTRICT*Statement of Changes in Fiduciary Net Position**For the Fiscal Year Ended June 30, 2021*

	CFD Debt Service Fund
ADDITIONS	
Local property taxes	\$ 2,332,763
Interest	1,034
All other transfers in	25,822
Total Additions	<u>2,359,619</u>
DEDUCTIONS	
Debt service - interest	1,173,696
Debt service - principal	633,300
All other transfers out	497,387
Total Deductions	<u>2,304,383</u>
Change in fiduciary net position	55,236
Net position - July 1, 2020	<u>2,702,894</u>
Net position - June 30, 2021	<u><u>\$ 2,758,130</u></u>

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Victor Elementary 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. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, 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 Board of Trustees of the component units is essentially the same as the Board of Trustees 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 Victor Elementary School District Financing Corporation (the "Corporation") financial activity is presented in the financial statements as the Debt Service Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

The Victor Elementary School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

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) and its component units. 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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

District-Wide Financial Statements

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. 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 and blended component units. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as 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. The District also maintains a Special Reserve Fund for Postemployment Benefits. The Special Reserve Fund for Postemployment Benefits is not substantially composed of restricted or committed revenue sources. Because this fund does not meet the definition of special revenue funds under GASB 54, the activity in the fund is being reported within the General Fund.

Charter School Fund: This fund is used to account for the operations of the Mountain View Montessori School and Sixth Street Preparatory Charter Schools.

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).

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 the Building Fund, Capital Facilities Fund, State School Building Lease-Purchase Fund, County School Facilities Fund, or Capital Project Fund for Blended Component Units.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

The District maintains 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.

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).

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).

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

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.).

Capital Project Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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).

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary fund:

CFD Debt Service Fund: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on special tax bonds.

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.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 not been included as revenue and expenditures as required under generally accepted accounting principles.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Furniture and Equipment	15-20 years
Vehicles	8 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.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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)

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 has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements

2. (continued)

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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	\$ 115,867,752
Fiduciary funds	2,758,107
Total deposits and investments	<u>\$ 118,625,859</u>

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

Cash on hand and in banks	\$ 40,147
Cash in revolving fund	60,033
Investments	118,525,679
Total deposits and investments	<u>\$ 118,625,859</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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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, none of the District’s bank balance was exposed to custodial credit risk because it was insured by the FDIC.

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 ten years. Investments purchased with maturity terms greater than ten years require approval by the Board of Education. 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:

	Reported Amount	Less Than One Year	Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	\$ 115,585,734	\$ 115,585,734	\$ -	Uncategorized	N/A
Investco Short-Term Treasury Portfolio	2,939,945	2,939,945	-	Level 1	AA-
Total Investments	<u>\$ 118,525,679</u>	<u>\$ 118,525,679</u>	<u>\$ -</u>		

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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 the following investments that represent more than five percent of the District's net investments outside of the County treasury.

Investco Short-Term Treasury Portfolio	100%
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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 San Bernardino 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.

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

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2021

NOTE 3 – ACCOUNTS RECEIVABLE

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

	Governmental Funds					Totals
	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	
Federal Government:						
Categorical aid programs	\$ 10,320,346	\$ -	\$ 626,839	\$ -	\$ -	\$ 10,947,185
State Government:						
LCFF sources	24,327,902	844,663	-	-	-	25,172,565
Lottery	783,450	30,016	-	-	-	813,466
Categorical aid programs	3,159,206	106,235	52,433	-	-	3,317,874
Local:						
Interest	118,527	9,205	5,979	37,881	30,820	202,412
Special education	2,147,730	-	-	-	-	2,147,730
Other local resources	252,544	7,667	-	-	15,005	275,216
Total	<u>\$ 41,109,705</u>	<u>\$ 997,786</u>	<u>\$ 685,251</u>	<u>\$ 37,881</u>	<u>\$ 45,825</u>	<u>\$ 42,876,448</u>

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

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

	Due From Other Funds				Total
	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	
General Fund	\$ -	\$ 643,307	\$ 130,931	\$ 8,965,372	\$ 9,739,610
Charter School Fund	271,291	-	-	-	271,291
Cafeteria Fund	457,212	-	-	-	457,212
Non-Major Governmental Funds	-	-	-	25,946	25,946
Totals	<u>\$ 728,503</u>	<u>\$ 643,307</u>	<u>\$ 130,931</u>	<u>\$ 8,991,318</u>	<u>\$ 10,494,059</u>

General Fund due to Charter Schools Special Revenue Fund for in-lieu property taxes	\$ 643,307
General Fund due to Cafeteria Special Revenue Fund for unpaid meals bad debt	130,931
General Fund due to Special Reserve Fund for Capital Outlay for capital outlay costs	8,965,372
Charter Schools Fund to General Fund to close out funds for Prop. 39	271,291
Cafeteria Fund due to General Fund to cover indirect costs and health and welfare costs	457,212
County School Facilities Fund to Special Reserve Fund for Capital Outlay Projects for state match from Arrowhead project	25,937
Capital Projects Fund for Blended Component Units to Special Reserve Fund for Capital Outlay Projects for payback on the bond refunds	9
Totals	<u>\$ 10,494,059</u>

B. Transfers to/from

Transfers to/from other funds for the year ended June 30, 2021, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects for state match from Arrowhead project	\$ 8,000,000
Capital Project Fund for Blended Component Units transfer to Special Reserve Fund for Capital Outlay Projects for CFD project payback	3,060,582
County Facilities Fund transfer to Special Reserve Fund for Capital Outlay for state match from arrowhead project	1,640,360
Building Fund transfer to Special Reserve Fund for Capital Outlay Projects for miscellaneous fees	90
Totals	<u>\$ 12,701,032</u>

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 5 – FUND BALANCES

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

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	\$ 50,000	\$ -	\$ 10,033	\$ -	\$ -	\$ 60,033
Stores inventories	223,370	-	225,843	-	-	449,213
Prepaid expenditures	105,248	-	-	-	-	105,248
Total Nonspendable	<u>378,618</u>	<u>-</u>	<u>235,876</u>	<u>-</u>	<u>-</u>	<u>614,494</u>
Restricted:						
Categorical programs	10,093,371	282,481	-	-	-	10,375,852
Nutritional services	-	-	3,724,897	-	-	3,724,897
Capital projects	-	-	-	43,243,124	2,857,581	46,100,705
Debt service	-	-	-	-	5,758,286	5,758,286
Student activity	-	-	-	-	40,147	40,147
Total Restricted	<u>10,093,371</u>	<u>282,481</u>	<u>3,724,897</u>	<u>43,243,124</u>	<u>8,656,014</u>	<u>65,999,887</u>
Committed:						
Deferred maintenance program	-	-	-	-	122,843	122,843
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,843</u>	<u>122,843</u>
Assigned:						
Facilities	2,000,000	-	-	-	-	2,000,000
Safety supplemental/concentration	2,263,882	-	-	-	-	2,263,882
Reserve balance	4,892,209	-	-	-	-	4,892,209
Buses	3,199,930	-	-	-	-	3,199,930
Textbooks	3,500,000	-	-	-	-	3,500,000
LCAP non-contributing expenditures	2,900,000	-	-	-	-	2,900,000
School site carryover	2,070,972	-	-	-	-	2,070,972
Lottery carryover	268,846	-	-	-	-	268,846
Lottery revenue	5,710,882	-	-	-	-	5,710,882
Preschool one-time funding	2,000,323	-	-	-	-	2,000,323
Mountain View Montessori	-	2,856,906	-	-	-	2,856,906
Sixth Street Preparatory	-	1,793,381	-	-	-	1,793,381
Postemployment benefits	350,436	-	-	-	-	350,436
Total Assigned	<u>29,157,480</u>	<u>4,650,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,807,767</u>
Unassigned:						
Reserve for economic uncertainties	8,296,118	-	-	-	-	8,296,118
Remaining unassigned balances	17,306,718	-	-	-	-	17,306,718
Total Unassigned	<u>25,602,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,602,836</u>
Total	<u>\$ 65,232,305</u>	<u>\$ 4,932,768</u>	<u>\$ 3,960,773</u>	<u>\$ 43,243,124</u>	<u>\$ 8,778,857</u>	<u>\$ 126,147,827</u>

VICTOR ELEMENTARY 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	Decreases	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	\$ 16,393,649	\$ -	\$ -	\$ 16,393,649
Construction in progress	37,710	-	-	37,710
Total capital assets not being depreciated	<u>16,431,359</u>	<u>-</u>	<u>-</u>	<u>16,431,359</u>
Capital assets being depreciated:				
Improvement of sites	11,813,629	75,281	-	11,888,910
Buildings	197,153,972	156,879	-	197,310,851
Equipment	23,201,723	901,645	-	24,103,368
Total capital assets being depreciated	<u>232,169,324</u>	<u>1,133,805</u>	<u>-</u>	<u>233,303,129</u>
Accumulated depreciation for:				
Improvement of sites	(6,487,786)	(467,504)	-	(6,955,290)
Buildings	(63,583,846)	(5,119,691)	-	(68,703,537)
Equipment	(13,155,971)	(2,046,998)	-	(15,202,969)
Total accumulated depreciation	<u>(83,227,603)</u>	<u>(7,634,193)</u>	<u>-</u>	<u>(90,861,796)</u>
Total capital assets being depreciated, net	<u>148,941,721</u>	<u>(6,500,388)</u>	<u>-</u>	<u>142,441,333</u>
Governmental activity capital assets, net	<u>\$ 165,373,080</u>	<u>\$ (6,500,388)</u>	<u>\$ -</u>	<u>\$ 158,872,692</u>

Depreciation expense is allocated to the following functions in the Statement of Activities:

Instruction	\$ 5,337,604
Instructional Library, Media and Technology	32,585
School Site Administration	102,120
Home-to-School Transportation	1,100,541
Food Services	277,464
All Other Pupil Services	1,193
All Other General Administration	166,899
Centralized Data Processing	70,004
Plant Services	<u>545,783</u>
Total	<u>\$ 7,634,193</u>

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2021

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 Payments	\$ 52,832,585	\$ -	\$ 3,026,252	\$ 49,806,333	\$ 2,069,284
Accreted Interest	20,401,514	2,753,501	733,748	22,421,267	2,090,716
Unamortized Premium	2,562,142		230,787	2,331,355	201,354
Total G.O. Bonds	<u>75,796,241</u>	<u>2,753,501</u>	<u>3,990,787</u>	<u>74,558,955</u>	<u>4,361,354</u>
Compensated Absences	885,239	-	99,264	785,975	-
Other Postemployment Benefits	54,023,322	15,248,051	2,225,723	67,045,650	-
Subtotals	<u>\$ 130,704,802</u>	<u>\$ 18,001,552</u>	<u>\$ 6,315,774</u>	<u>\$ 142,390,580</u>	<u>\$ 4,361,354</u>

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Accumulated vacation will be paid for by the fund for which the employee worked. Other postemployment benefits are paid from the General Fund.

A. General Obligation Bonds

The District has issued general obligation bonds under different voter-approved measures, as described below. Bonds are payable solely from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other state law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds.

Election of 2001

Bonds were authorized at an election of the registered voters of the District held on November 6, 2001 at which more than 55 percent of the persons voting on the measure voted to authorize the issuance and sale of \$30 million general obligation bonds. The bonds were issued to finance the improvement of real property in the District and to pay the costs of issuance of the bonds.

Election of 2008

On November 4, 2008, District voters approved Measure E, authorizing the District to issue up to \$150 million in general obligation bonds to maintain, upgrade, and construct school facilities.

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2021

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

A. General Obligation Bonds (continued)

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. At June 30, 2021, there was no principal balance outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2021, deferred amounts on refunding were \$577,254.

A summary of outstanding bonds is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
2001 Election								
Series A	6/13/2002	8/1/2026	2.75%-5.73%	\$ 15,997,340	\$ 2,192,340	\$ -	\$ -	\$ 2,192,340
Series B	5/19/2005	8/1/2030	3.0%-5.1%	10,752,264	8,464,011	-	646,145	7,817,866
Series C	7/13/2006	8/1/2026	4.0%-5.0%	3,249,943	139,943	-	-	139,943
2008 Election								
Series A	12/3/2009	8/1/2034	2.0%-4.0%	19,999,831	1,874,831	-	-	1,874,831
Series B	6/3/2015	8/1/2042	3.0%	16,496,790	15,960,849	-	195,107	15,765,742
Series C	6/12/2019	8/1/2044	2.47% - 4.00%	7,995,611	7,995,611	-	-	7,995,611
Refunding Bonds								
2014 Refunding	5/22/2014	8/1/2024	2.0%-5.0%	5,320,000	1,920,000	-	745,000	1,175,000
2015 Refunding	6/3/2015	8/1/2020	3.0%	3,555,000	470,000	-	470,000	-
2016 Refunding	5/12/2016	8/1/2034	3.0%-4.0%	14,170,000	13,815,000	-	970,000	12,845,000
Totals					<u>\$ 52,832,585</u>	<u>\$ -</u>	<u>\$ 3,026,252</u>	<u>\$ 49,806,333</u>
Accreted Interest Component:								
2001A				\$ 4,305,002	\$ 413,765	\$ -	\$ -	\$ 4,718,767
2001B				9,274,003	885,877	708,855	-	9,451,025
2001C				387,195	54,196	-	-	441,391
2008A				3,825,870	665,047	-	-	4,490,917
2008B				2,538,220	619,360	24,893	-	3,132,687
2008C				71,224	115,256	-	-	186,480
Totals					<u>\$ 20,401,514</u>	<u>\$ 2,753,501</u>	<u>\$ 733,748</u>	<u>\$ 22,421,267</u>

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

Fiscal Year	Principal	Interest	Total
2021-22	\$ 2,069,284	\$ 3,062,041	\$ 5,131,325
2022-23	2,022,104	3,375,746	5,397,850
2023-24	1,712,174	3,984,151	5,696,325
2024-25	1,766,131	4,209,744	5,975,875
2025-26	1,506,336	4,834,414	6,340,750
2026-31	10,595,596	21,494,079	32,089,675
2031-36	11,387,843	6,443,157	17,831,000
2036-41	6,327,288	15,556,462	21,883,750
2041-45	12,419,577	3,567,648	15,987,225
Totals	<u>\$ 49,806,333</u>	<u>\$ 66,527,442</u>	<u>\$ 116,333,775</u>

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

B. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur.

If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$29,064,200 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the financial statements.

C. 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	\$ 66,328,490	\$ 12,183,517	\$ 866,752	\$ 5,753,794
MPP Program	717,160	-	-	119,401
Total	\$ 67,045,650	\$ 12,183,517	\$ 866,752	\$ 5,873,195

The details of each plan are as follows:

District Plan

Plan Description

The District’s single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

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

	Certificated	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	10 years but not beyond Medicare eligibility	10 years but not beyond Medicare eligibility	10 years but not beyond Medicare eligibility
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	Same as active	Same as active	Same as active

Cabinet members receive lifetime benefits subject to certain requirements.

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2021

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

C. Other Postemployment Benefits (OPEB) Liability

District Plan (continued)

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	129
Active employees	868
Total	<u>997</u>

Total OPEB Liability

The District’s total OPEB liability of \$66,328,490 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 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	June 30, 2021
Valuation Interest Rate	2.16%
Long-Term Medical Trend Rate	4.00%
Projected Payroll Growth	2.75%

Discount Rate

The actuarial valuation used the Bond Buyer 20 Index at June 30, 2021 and rounded the rate resulting in a rate of 2.16%.

Mortality Rates

The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS and the 2017 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS.

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2021

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

C. Other Postemployment Benefits (OPEB) Liability (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 53,425,562</u>
Changes for the year:	
Service cost	3,673,257
Interest	1,191,285
Differences between expected and actual experience	10,083,190
Changes of assumptions	180,919
Benefit payments	<u>(2,225,723)</u>
Net changes	<u>12,902,928</u>
Balance at June 30, 2021	<u><u>\$ 66,328,490</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	\$ 71,007,319
Current discount rate	\$ 66,328,490
1% increase	\$ 61,947,629

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	\$ 59,349,741
Current trend rate	\$ 66,328,490
1% increase	\$ 74,605,056

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. 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 \$5,753,794. 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>
Differences between expected and actual experience	\$ 9,362,962	\$ 866,752
Changes of assumptions	<u>2,820,555</u>	<u>-</u>
Totals	<u>\$ 12,183,517</u>	<u>\$ 866,752</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 for the current measurement period is 14.0 years, 14.6 years for the 2019-20 measurement period, and 13.3 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	\$ 958,042	\$ 68,790
2023	958,042	68,790
2024	958,042	68,790
2025	958,042	68,790
2026	958,042	68,790
Thereafter	<u>7,393,307</u>	<u>522,802</u>
Totals	<u>\$ 12,183,517</u>	<u>\$ 866,752</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>.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. 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 \$717,160 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>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Change</u>
	<u>Ending</u>	<u>Ending</u>	<u>Increase/</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>(Decrease)</u>
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Proportion of the Net OPEB Liability	0.169227%	0.160517%	0.008710%

For the year ended June 30, 2021, the District reported OPEB expense of \$119,401.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

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

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. 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 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:

Discount Rate	MPP OPEB Liability
1% decrease	\$ 793,020
Current discount rate	\$ 717,160
1% increase	\$ 652,608

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	\$ 650,273
Current trend rate	\$ 717,160
1% increase	\$ 794,159

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	\$ 108,212,867	\$ 36,097,346	\$ 4,621,790	\$ 16,194,716
CalPERS	41,032,106	8,873,243	1,283,886	7,839,186
Total	\$ 149,244,973	\$ 44,970,589	\$ 5,905,676	\$ 24,033,902

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLANS (continued)

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.

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:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
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%

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 \$9,427,415.

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	\$	108,212,867
State's proportionate share of the net pension liability associated with the District		<u>55,783,746</u>
Total	\$	<u><u>163,996,613</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		Change
	Fiscal Year	Fiscal Year	
	Ending	Ending	(Decrease)
	June 30, 2021	June 30, 2020	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Proportion of the Net Pension Liability	0.111664%	0.103856%	0.007808%

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 \$16,194,716. In addition, the District recognized pension expense and revenue of \$1,744,150 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	\$ 9,427,415	\$ -
Net change in proportionate share of net pension liability	11,786,181	-
Difference between projected and actual earnings on pension plan investments	4,140,516	1,570,002
Changes of assumptions	10,552,287	-
Differences between expected and actual experience	190,947	3,051,788
Total	<u>\$ 36,097,346</u>	<u>\$ 4,621,790</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	\$ 5,337,745	\$ 2,406,926
2023	6,213,194	622,529
2024	6,985,721	431,583
2025	3,456,466	498,582
2026	1,939,842	479,599
Thereafter	2,736,963	182,571
Total	<u>\$ 26,669,931</u>	<u>\$ 4,621,790</u>

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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%)

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (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%)	\$ 163,494,569
Current discount rate (7.10%)	108,212,867
1% increase (8.10%)	62,570,038

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 \$6,313,049.

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>.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	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 \$4,162,216.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 \$41,032,106. 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:

	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	
Proportion of the Net Pension Liability	0.133729%	0.133563%	0.000166%

For the year ended June 30, 2021, the District recognized pension expense of \$7,839,186. 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	\$ 4,162,216	\$ -
Net change in proportionate share of net pension liability	645,664	258,214
Difference between projected and actual earnings on pension plan investments	1,879,830	1,025,672
Changes of assumptions	150,466	-
Differences between expected and actual experience	2,035,067	-
Total	\$ 8,873,243	\$ 1,283,886

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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	Deferred Outflows	Deferred Inflows
June 30,	of Resources	of Resources
2022	\$ 2,310,163	\$ 898,508
2023	1,282,258	293,754
2024	699,227	83,295
2025	418,334	8,329
2026	1,045	-
Thereafter	-	-
Total	<u>\$ 4,711,027</u>	<u>\$ 1,283,886</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.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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%)	\$ 58,991,134
Current discount rate (7.15%)	41,032,106
1% increase (8.15%)	26,127,013

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 \$943,149 and \$448,690 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – JOINT VENTURES

The Victor Elementary School District participates in joint ventures under joint powers agreements with the High Desert and Inland Employee/Employer Trust (HDIEET), California Schools Employee Benefits Association (CSEBA), and California Schools Risk Management (CSRM). The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The JPAs provide property and liability insurance coverage, health and welfare benefits coverage, and workers compensation insurance coverage. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs 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 JPAs.

Financial information for HDIEET is separately available. Current condensed financial information for CSRM and CSEBA is as follows:

	CSRM June 30, 2020 (Audited)	CSEBA June 30, 2020 (Audited)
Assets	\$ 100,159,605	\$ 72,692,162
Liabilities	47,542,288	18,431,386
Total Net Position/Assets	<u>\$ 52,617,317</u>	<u>\$ 54,260,776</u>
Revenues	\$ 54,391,409	\$ 282,906,833
Expenses	56,021,474	277,940,732
Operating Income	(1,630,065)	4,966,101
Net Non-Operating Income and Expenses	2,493,777	2,054,704
Change in Net Position/Assets	<u>\$ 863,712</u>	<u>\$ 7,020,805</u>

NOTE 10 – RISK MANAGEMENT

Property and Liability

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

Workers' Compensation

For fiscal year 2020-21, the District participated in the CSRM JPA for workers compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

The District has contracted with High Desert and Inland Employee/Employer Trust to provide employee medical benefits. The District provides life insurance benefits for management employees through CSEBA.

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 no commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in certain legal matters that arose out of 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.

NOTE 12 – ADJUSTMENT FOR RESTATEMENT

The results of the implementation of GASB 84 was to increase the fund balance and the net position at July 1, 2020 by \$39,886, which is the amount previously recorded as due to student groups in fiduciary funds at June 30, 2020.

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Required Supplementary Information

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VICTOR ELEMENTARY SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 119,505,589	\$ 130,309,126	\$ 130,304,301	\$ (4,825)
Federal Sources	22,841,880	38,582,478	36,075,577	(2,506,901)
Other State Sources	9,948,208	26,343,041	21,822,988	(4,520,053)
Other Local Sources	1,188,443	4,757,109	4,515,327	(241,782)
Total Revenues	153,484,120	199,991,754	192,718,193	(7,273,561)
Expenditures				
Current:				
Certificated Salaries	58,939,521	59,468,064	59,097,793	370,271
Classified Salaries	17,647,800	18,404,611	17,438,588	966,023
Employee Benefits	45,914,803	49,990,728	47,418,405	2,572,323
Books and Supplies	6,083,104	17,529,033	12,736,220	4,792,813
Services and Other Operating Expenditures	21,978,340	18,815,403	16,625,532	2,189,871
Capital Outlay	35,000	1,139,216	1,094,005	45,211
Other Outgo	3,971,114	4,781,337	3,511,815	1,269,522
Total Expenditures	154,569,682	170,128,392	157,922,358	12,206,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,085,562)	29,863,362	34,795,835	4,932,473
Other Financing Sources and Uses				
Contributions	-	3,756,568	-	(3,756,568)
Interfund Transfers Out	-	(8,000,000)	(8,000,000)	-
Total Other Financing Sources and Uses	-	(4,243,432)	(8,000,000)	(3,756,568)
Net change in fund balance	(1,085,562)	25,619,930	26,795,835	1,175,905
Fund Balances, July 1, 2020	35,078,760	38,086,034	38,086,034	-
Fund Balances, June 30, 2021	<u>\$ 33,993,198</u>	<u>\$ 63,705,964</u>	64,881,869	<u>\$ 1,175,905</u>
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
			Special Reserve Fund for Postemployment Benefits	350,436
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 65,232,305</u>	

VICTOR ELEMENTARY SCHOOL DISTRICT
Budgetary Comparison Schedule – Charter School Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 4,221,040	\$ 4,606,642	\$ 4,606,642	\$ -
Federal Sources	54,424	725,864	725,864	-
Other State Sources	230,662	680,472	680,472	-
Other Local Sources	60,000	90,240	90,240	-
Total Revenues	4,566,126	6,103,218	6,103,218	-
Expenditures				
Current:				
Certificated Salaries	2,008,333	1,925,698	1,925,698	-
Classified Salaries	640,299	617,040	617,040	-
Employee Benefits	1,382,530	1,445,052	1,445,052	-
Books and Supplies	182,903	187,100	187,100	-
Services and Other Operating Expenditures	712,223	558,713	558,713	-
Total Expenditures	4,926,288	4,733,603	4,733,603	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(360,162)	1,369,615	1,369,615	-
Fund Balances, July 1, 2020	3,497,250	3,563,153	3,563,153	-
Fund Balances, June 30, 2021	<u>\$ 3,137,088</u>	<u>\$ 4,932,768</u>	<u>\$ 4,932,768</u>	<u>\$ -</u>

VICTOR ELEMENTARY SCHOOL DISTRICT
Budgetary Comparison Schedule – Cafeteria Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal Sources	\$ 8,386,814	\$ 5,934,747	\$ 6,350,487	\$ 415,740
Other State Sources	597,091	535,727	535,726	(1)
Other Local Sources	31,000	57,909	57,908	(1)
Total Revenues	9,014,905	6,528,383	6,944,121	415,738
Expenditures				
Current:				
Classified Salaries	2,724,838	2,453,852	2,453,830	22
Employee Benefits	1,755,001	1,599,500	1,599,485	15
Books and Supplies	3,299,992	1,960,729	2,376,459	(415,730)
Services and Other Operating Expenditures	166,750	197,829	197,820	9
Capital Outlay	50,000	5,938	5,937	1
Other Outgo	397,329	310,590	310,590	-
Total Expenditures	8,393,910	6,528,438	6,944,121	(415,683)
Excess (Deficiency) of Revenues Over (Under) Expenditures	620,995	(55)	-	55
Fund Balances, July 1, 2020	1,939,209	3,960,773	3,960,773	-
Fund Balances, June 30, 2021	<u>\$ 2,560,204</u>	<u>\$ 3,960,718</u>	<u>\$ 3,960,773</u>	<u>\$ 55</u>

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2021

	<i>Last Ten Fiscal Years*</i>						
	<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>
CalSTRS							
District's proportion of the net pension liability	0.1117%	0.1039%	0.0983%	0.0970%	0.0970%	0.0960%	0.0730%
District's proportionate share of the net pension liability	\$ 108,212,867	\$ 93,798,910	\$ 90,351,847	\$ 89,707,473	\$ 78,454,570	\$ 64,631,040	\$ 42,659,010
State's proportionate share of the net pension liability associated with the District	55,783,746	51,173,568	51,730,658	53,070,183	44,669,363	34,182,604	25,759,611
Totals	<u>\$ 163,996,613</u>	<u>\$ 144,972,478</u>	<u>\$ 142,082,505</u>	<u>\$ 142,777,656</u>	<u>\$ 123,123,933</u>	<u>\$ 98,813,644</u>	<u>\$ 68,418,621</u>
District's covered-employee payroll	<u>\$ 58,818,895</u>	<u>\$ 54,485,361</u>	<u>\$ 53,809,917</u>	<u>\$ 51,636,407</u>	<u>\$ 47,666,692</u>	<u>\$ 43,724,989</u>	<u>\$ 39,851,685</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>183.98%</u>	<u>172.15%</u>	<u>167.91%</u>	<u>173.73%</u>	<u>164.59%</u>	<u>147.81%</u>	<u>107.04%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
CalPERS							
District's proportion of the net pension liability	0.1337%	0.1336%	0.1351%	0.1315%	0.1252%	0.1187%	0.1157%
District's proportionate share of the net pension liability	<u>\$ 41,032,106</u>	<u>\$ 38,926,038</u>	<u>\$ 36,025,444</u>	<u>\$ 31,387,925</u>	<u>\$ 24,727,077</u>	<u>\$ 17,496,497</u>	<u>\$ 13,134,767</u>
District's covered-employee payroll	<u>\$ 19,377,902</u>	<u>\$ 18,559,816</u>	<u>\$ 18,060,885</u>	<u>\$ 16,773,690</u>	<u>\$ 15,039,035</u>	<u>\$ 13,111,078</u>	<u>\$ 12,146,224</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>211.75%</u>	<u>209.73%</u>	<u>199.47%</u>	<u>187.13%</u>	<u>164.42%</u>	<u>133.45%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</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.

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2021

	<i>Last Ten Fiscal Years*</i>						
	<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>
CalSTRS							
Contractually required contribution	\$ 9,427,415	\$ 10,058,031	\$ 8,870,217	\$ 7,764,771	\$ 6,495,860	\$ 5,114,636	\$ 3,882,779
Contributions in relation to the contractually required contribution	<u>9,427,415</u>	<u>10,058,031</u>	<u>8,870,217</u>	<u>7,764,771</u>	<u>6,495,860</u>	<u>5,114,636</u>	<u>3,882,779</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 58,374,088</u>	<u>\$ 58,818,895</u>	<u>\$ 54,485,361</u>	<u>\$ 53,809,917</u>	<u>\$ 51,636,407</u>	<u>\$ 47,666,692</u>	<u>\$ 43,724,989</u>
Contributions as a percentage of covered-employee payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 4,162,216	\$ 3,821,516	\$ 3,352,274	\$ 2,805,036	\$ 2,329,530	\$ 1,785,735	\$ 1,543,305
Contributions in relation to the contractually required contribution	<u>4,162,216</u>	<u>3,821,516</u>	<u>3,352,274</u>	<u>2,805,036</u>	<u>2,329,530</u>	<u>1,785,735</u>	<u>1,543,305</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 20,107,324</u>	<u>\$ 19,377,902</u>	<u>\$ 18,559,816</u>	<u>\$ 18,060,885</u>	<u>\$ 16,773,690</u>	<u>\$ 15,039,035</u>	<u>\$ 13,111,078</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.

VICTOR ELEMENTARY 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*			
	2020-21	2019-20	2018-19	2017-18
Total OPEB liability				
Service cost	\$ 3,673,257	\$ 3,968,990	\$ 3,675,536	\$ 3,577,164
Interest	1,191,285	1,740,890	1,595,166	1,615,188
Differences between expected and actual experience	10,083,190	(1,004,332)	-	-
Changes of assumptions or other inputs	180,919	2,134,108	1,046,952	-
Benefit payments	(2,225,723)	(2,338,654)	(2,263,013)	(2,175,974)
Net change in total OPEB liability	12,902,928	4,501,002	4,054,641	3,016,378
Total OPEB liability - beginning	53,425,562	48,924,560	44,869,919	41,853,541
Total OPEB liability - ending	\$ 66,328,490	\$ 53,425,562	\$ 48,924,560	\$ 44,869,919
Covered-employee payroll	\$ 76,603,384	\$ 74,553,172	\$ 72,557,832	\$ 70,615,895
Total OPEB liability as a percentage of covered-employee payroll	86.59%	71.66%	67.43%	63.54%

Notes to Schedule:

The discount rate was reduced from 2.20% to 2.16% 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.*

VICTOR ELEMENTARY 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*			
	2019-20	2018-19	2017-18	2016-17
District's proportion of net OPEB liability	0.1692%	0.1605%	0.1546%	0.1544%
District's proportionate share of net OPEB liability	\$ 717,160	\$ 597,760	\$ 591,737	\$ 649,521
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.*

VICTOR ELEMENTARY SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

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 2.20 percent to 2.16 percent since the previous valuation.

VICTOR ELEMENTARY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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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VICTOR ELEMENTARY SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2021

The Victor Elementary School District was established as a separate school district in 1947. The District encompasses approximately 43 square miles in some unincorporated areas of San Bernardino County as well as the city of Victorville. During the year, the District operated sixteen elementary schools (kindergarten through grade 6) and two charter schools.

BOARD OF TRUSTEES		
Member	Office	Term Expires
Allen Williams	President	November, 2022
Dr. Gary Elder	Vice President	November, 2022
Clayton Moore	Clerk	November, 2022
Sue Brannon	Trustee	November, 2024
Dr. Gabriel Luis Stine	Trustee	November, 2024

DISTRICT ADMINISTRATORS

Jan Gonzales,
Superintendent

Lori Clark,
Assistant Superintendent, Educational Services

Ajay Mohindra,
Assistant Superintendent, Administrative Services

Tanya Benitez, Ed.D.,
Assistant Superintendent, Pupil Services

Maureen Mills,
Assistant Superintendent, Personnel Services

VICTOR ELEMENTARY SCHOOL DISTRICT
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Funds	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS								
Deposits and investments	\$ 40,147	\$ 122,568	\$ -	\$ 2,264,233	\$ -	\$ 574,189	\$ 5,758,286	\$ 8,759,423
Accounts receivable	-	275	-	19,230	25,937	383	-	45,825
Total Assets	<u>\$ 40,147</u>	<u>\$ 122,843</u>	<u>\$ -</u>	<u>\$ 2,283,463</u>	<u>\$ 25,937</u>	<u>\$ 574,572</u>	<u>\$ 5,758,286</u>	<u>\$ 8,805,248</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 445	\$ -	\$ -	\$ -	\$ 445
Due to other funds	-	-	-	-	25,937	9	-	25,946
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>445</u>	<u>25,937</u>	<u>9</u>	<u>-</u>	<u>26,391</u>
Fund Balances								
Restricted	40,147	-	-	2,283,018	-	574,563	5,758,286	8,656,014
Committed	-	122,843	-	-	-	-	-	122,843
Total Fund Balances	<u>40,147</u>	<u>122,843</u>	<u>-</u>	<u>2,283,018</u>	<u>-</u>	<u>574,563</u>	<u>5,758,286</u>	<u>8,778,857</u>
Total Liabilities and Fund Balances	<u>\$ 40,147</u>	<u>\$ 122,843</u>	<u>\$ -</u>	<u>\$ 2,283,463</u>	<u>\$ 25,937</u>	<u>\$ 574,572</u>	<u>\$ 5,758,286</u>	<u>\$ 8,805,248</u>

VICTOR ELEMENTARY 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 Funds	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
REVENUES								
Other state sources	\$ -	\$ -	\$ -	\$ -	\$ 1,513,644	\$ -	\$ 44,760	\$ 1,558,404
Other local sources	261	2,245	90	1,356,344	126,716	498,536	5,219,241	7,203,433
Total Revenues	261	2,245	90	1,356,344	1,640,360	498,536	5,264,001	8,761,837
EXPENDITURES								
Capital outlay	-	-	-	105,928	-	62,012	-	167,940
Debt service:								
Principal	-	-	-	-	-	-	3,026,252	3,026,252
Interest	-	-	-	-	-	-	1,778,351	1,778,351
Total Expenditures	-	-	-	105,928	-	62,012	4,804,603	4,972,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	261	2,245	90	1,250,416	1,640,360	436,524	459,398	3,789,294
OTHER FINANCING SOURCES (USES)								
Interfund transfers out	-	-	(90)	-	(1,640,360)	(3,060,582)	-	(4,701,032)
Total Other Financing Sources and Uses	-	-	(90)	-	(1,640,360)	(3,060,582)	-	(4,701,032)
Net Change in Fund Balances	261	2,245	-	1,250,416	-	(2,624,058)	459,398	(911,738)
Fund Balances, July 1, 2020, as originally stated	-	120,598	-	1,032,602	-	3,198,621	5,298,888	9,650,709
Adjustment for restatement	39,886	-	-	-	-	-	-	39,886
Fund Balances, July 1, 2020, as restated	39,886	120,598	-	1,032,602	-	3,198,621	5,298,888	9,690,595
Fund Balances, June 30, 2021	\$ 40,147	\$ 122,843	\$ -	\$ 2,283,018	\$ -	\$ 574,563	\$ 5,758,286	\$ 8,778,857

VICTOR ELEMENTARY SCHOOL DISTRICT*Schedules of Instructional Time**For the Fiscal Year Ended June 30, 2021***VICTOR ELEMENTARY SCHOOL DISTRICT**

Grade Level	Number of Instructional Days			Status
	Actual	Credited Days From J-13A Waivers	Total	
Transitional Kindergarten/ 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

MOUNTAIN VIEW MONTESSORI CHARTER SCHOOL

Grade Level	Number of Instructional Days			Status
	Actual	Credited Days From J-13A Waivers	Total	
Transitional Kindergarten/ 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

SIXTH STREET PREP SCHOOL

Grade Level	Number of Instructional Days			Status
	Actual	Credited Days From J-13A Waivers	Total	
Transitional Kindergarten/ 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

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund	(Budget)			
	2022	2021 ²	2020	2019
Revenues and other financing sources	\$ 181,586,289	\$ 192,718,193	\$ 155,669,212	\$ 152,808,637
Expenditures	176,671,406	157,922,358	151,372,894	145,234,858
Other uses and transfers out	-	8,000,000	-	2,453,375
Total outgo	176,671,406	165,922,358	151,372,894	147,688,233
Change in fund balance (deficit)	4,914,883	26,795,835	4,296,318	5,120,404
Ending fund balance	\$ 69,796,752	\$ 64,881,869	\$ 38,086,034	\$ 33,789,716
Available reserves ¹	\$ 30,396,345	\$ 25,602,836	\$ 20,151,557	\$ 19,296,563
Available reserves as a percentage of total outgo	17.2%	15.4%	13.3%	13.1%
Total long-term debt	\$ 287,274,199	\$ 291,635,553	\$ 263,429,750	\$ 258,248,767
Average daily attendance at P-2	11,501	N/A	11,708	11,618

The General Fund balance has increased by \$31,092,153 over the past two years. The fiscal year 2021-22 adopted budget projects an increase of \$4,914,883. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Long-term debt has increased by \$33,386,786 over the past two years.

Average daily attendance was not reported in 2020-21, but is projected to be 11,501 in 2021-22, which is a decrease of 207 from the 2019-20 fiscal year.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

³ As of September, 2021.

VICTOR ELEMENTARY SCHOOL DISTRICT

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

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

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2021

<u>Charter School</u>	<u>Inclusion in Financial Statements</u>
Mountain View Montessori Charter School (No. 0296)	Included
Sixth Street Prep School (No. 0309)	Included

VICTOR ELEMENTARY 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 Number	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 - Basic	10.553	13525	\$ 68,431	
School Breakfast Program - Especially Needy	10.553	13526	1,788,497	
National School Lunch Program	10.555	13523	3,352,557	
USDA Donated Foods	10.555	N/A	<u>306,052</u>	
Total Child Nutrition Cluster				<u>\$ 5,515,537</u>
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149		<u>9,284,270</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	5,170,904	
School Improvement Funding for LEAs	84.010	15438	<u>721,318</u>	
Total Title I Grants				5,892,222
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		509,016
Title III, Limited English Proficiency	84.365	14346		232,241
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		481,165
Title IV, Part B, 21st Century Community Learning Centers	84.287	14349		127,121
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	4,697,588	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	7,775,879	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,973,890	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	634,815	
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	<u>834,951</u>	
Subtotal Education Stabilization Fund				15,917,123
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster (IDEA):				
Passed through Desert/Mountain SELPA:				
Local Assistance Entitlement	84.027	13379	1,870,135	
Local Assistance Entitlement, Private Schools	84.027	10115	3,632	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	<u>64,228</u>	
Total Special Education (IDEA) Cluster				<u>1,937,995</u>
Total U.S. Department of Education				<u>25,096,883</u>
Total Expenditures of Federal Awards				<u>\$ 39,896,690</u>

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

VICTOR ELEMENTARY SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2021

NOTE 1 – PURPOSE OF SCHEDULES

Combining Financial Statements

These financial statements report the financial activity of the individual non-major funds.

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.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school and whether or not the charter school is included in the District audit.

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. The reconciling amounts represent Federal funds that have been recorded as revenues but have not been expended as of June 30, 2021.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 43,151,928
Differences between Federal Revenues and Expenditures:		
COVID-19, Coronavirus Relief Fund: Learning Loss Mitigation	21.019	(3,265,719)
IDEA Preschool Grants, Part B, Section 619	84.173	10,481
Total Schedule of Expenditures of Federal Awards		<u>\$ 39,896,690</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

Board of Trustees
Victor Elementary School District
Victorville, 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 Victor Elementary School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Victor Elementary School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Victor Elementary 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 Victor Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Victor Elementary 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.

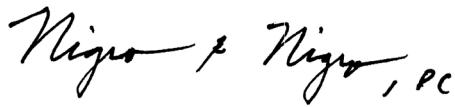
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Victor Elementary 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.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
January 18, 2022



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

Board of Trustees
Victor Elementary School District
Victorville, California

Report on Compliance for Each Major Federal Program

We have audited Victor Elementary 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 Victor Elementary School District's major federal programs for the year ended June 30, 2021. Victor Elementary 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 Victor Elementary 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 Victor Elementary 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 Victor Elementary School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Victor Elementary 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.

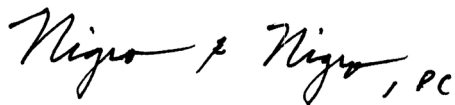
Report on Internal Control Over Compliance

Management of Victor Elementary 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 Victor Elementary 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
January 18, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 Victor Elementary School District
 Victorville, California

Report on State Compliance

We have audited Victor Elementary 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 Victor Elementary 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 Victor Elementary 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 Victor Elementary 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 Victor Elementary 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	Yes
Mode of Instruction	Yes
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

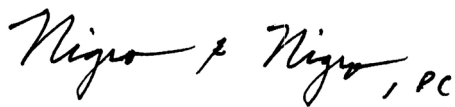
In our opinion, Victor Elementary School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002. Our opinion on each state program is not modified with respect to these matters.

District's Responses to Findings

Victor Elementary School District's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Victor Elementary School District's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.



Murrieta, California
January 18, 2022

Schedule of Findings and Questioned Costs

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VICTOR ELEMENTARY SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2021

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 the Uniform Guidance, Section 200.516 (a)?	<u>No</u>

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>
<u>84.010</u>	<u>Title I Grants</u>
<u>84.425C, D, U</u>	<u>Education Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,196,901</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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VICTOR ELEMENTARY SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2021

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.

VICTOR ELEMENTARY SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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.

VICTOR ELEMENTARY SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2021

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

Finding 2021-001: School Accountability Report Card (72000)

Criteria: The information on the School Accountability Report Card (SARC) should be reported consistent with the Facility Inspection Tool for that school as required by the provisions of Education Code Section 33126.

Condition: The District performed a facilities inspection and filled out the Facilities Inspection Tool (FIT), but did not report facilities information on the SARC for two of the four schools selected. At Mountain View Montessori Charter School and Mojave Vista School of Cultural Arts, facilities information was left blank on the SARC.

Questioned Cost: There is no questioned cost, as the District receives no funding from this program.

Cause: The individual completing the SARC made an input error.

Effect: Information regarding the condition of two sites for the 2019-20 school year was not reported on the SARC published during the 2020-21 school year, pursuant to Education Code Section 33126.

Recommendation: We recommend that the District personnel implement a procedure to verify the accuracy and completeness of the information contained in the SARC prior to its publication.

District Response: SARC information is compiled by various departments. To ensure that data is not missing, the District will adjust data collection and uploading process by assigning a person to review for accuracy and completeness of data prior to uploading. Additionally, the District will amend its 2020-21 SARC data to include completed Facilities Inspection Tool reports for 2019-20.

Finding 2021-002: CALPADS Unduplicated Pupil Count (40000)

This is a repeat of Finding 2020-001.

Criteria: 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:

- 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 (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* 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.

Condition: 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 two students who were classified as free or reduced but did not have an application or income eligibility form on file to support the designation.

Context: We noted two exceptions which were found at one out of four schools selected for testing. We extrapolated these errors across the unduplicated count at that site to arrive at a total error of 13.

Cause: The District's practice was to collect hard copy income data documents, and the document for the students were misplaced.

VICTOR ELEMENTARY SCHOOL DISTRICT
State Award Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2021

Finding 2021-002: CALPADS Unduplicated Pupil Count (40000) (continued)

Effect: The unduplicated pupil counts in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes:

<u>School Site</u>	<u>CALPADS Reported</u>	<u>Adjusted based on eligibility for:</u>		<u>Adjusted Total</u>
		<u>FRPM</u>		
Endeavour School of Exploration	395	(13)		382
Aggregate of other school sites	10,336	-		10,336
District-wide	<u>10,731</u>	<u>(13)</u>		<u>10,718</u>

The enrollment count of 12,358 was not impacted as a result of the procedures performed.

The financial penalty for this finding is \$20,487. This amount was calculated using the CDE audit penalty calculator, based on an extrapolation of the audit exception rate.

Recommendation: We recommend that the District implement a procedure to ensure that all income data documents are accounted for and stored properly.

District Response: The District incorrectly identified 2 students as free and reduce meal recipients in fiscal year 2018-19 while entering information into the system from hard copy documents. In 2019-20, the District implemented the collection of alternate income verification forms electronically and is also reviewing all information from the Nutrition Services software data base before integrating and submission into CALPADS system to avoid misidentification.

VICTOR ELEMENTARY 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"> • 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)). • 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. 	<p>40000</p>	<p>We recommend that the District implement a procedure to ensure that all income data documents are accounted for and stored properly.</p>	<p>Not Implemented. See Finding 2021-002</p>
<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 two students who were classified as free or reduced but did not have an application or income eligibility form on file to support the designation.</p>				

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Statistical Section

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VICTOR ELEMENTARY SCHOOL DISTRICT

Statistical Information (Unaudited)

June 30, 2021

Employees

Table 1 summarizes the number of certificated, classified, and total number of employees employed by the District for School Year 2005-2006 through School Year 2020-2021.

Table 1
District Employees School Year 2005-2006 through School Year 2020-2021

<u>School Year</u>	<u>Certificated Employees</u>	<u>Classified Employees</u>	<u>Total Employees</u>	<u>Percent Change</u>
2005-06	490	478	968	17.76
2006-07	502	458	960	(0.83)
2007-08	512	473	985	2.60
2008-09	499	496	995	1.02
2009-10	474	478	952	(4.32)
2010-11	448	437	885	(7.04)
2011-12	410	471	881	(0.45)
2012-13	416	483	899	2.04
2013-14	497	523	1,020	13.46
2014-15	530	533	1,063	4.22
2015-16	551	561	1,112	4.61
2016-17	580	717	1,297	16.64
2017-18	607	600	1,207	6.93
2018-19	605	601	1,206	0.08
2019-20	641	572	1,213	0.58
2020-21	652	572	1,224	0.91

Source: CDE Dataquest/CALPADS

VICTOR ELEMENTARY SCHOOL DISTRICT
Statistical Information (Unaudited)
June 30, 2021

Assessed Valuation of Taxable Property

The secured, unsecured, and total assessed valuations of taxable property within the District for Fiscal Year 2005-2006 through Fiscal Year 2020-2021 is listed in Table 2 below.

Table 2
Assessed Valuation of Taxable Property FY 2005-2006 Through FY 2020-2021

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2005-06	4,543,472,358	4,562,512	209,923,340	4,757,958,210	20.73
2006-07	5,752,494,500	4,412,717	231,139,428	5,988,046,645	25.85
2007-08	6,833,257,176	2,199,050	275,315,476	7,110,771,702	18.75
2008-09	6,821,489,419	651,973	405,503,463	7,227,644,855	1.64
2009-10	5,594,892,328	652,103	428,656,012	6,024,200,443	(16.65)
2010-11	5,055,201,287	652,167	380,200,871	5,436,054,325	(9.76)
2011-12	4,972,756,761	622,310	365,294,695	5,338,673,766	(1.79)
2012-13	4,953,215,359	622,316	354,967,297	5,308,804,972	(0.55)
2013-14	5,058,895,816	622,305	401,708,772	5,461,226,893	2.87
2014-15	5,427,907,300	321,948	409,283,718	5,837,512,966	6.89
2015-16	5,749,393,992	321,928	418,580,409	6,168,296,329	5.66
2016-17	6,042,649,816	321,863	379,028,458	6,422,000,137	4.11
2017-18	6,354,033,716	321,839	349,497,528	6,703,853,083	4.39
2018-19	6,709,748,429	321,808	349,346,912	7,059,417,149	5.30
2019-20	7,091,470,949	262,766	330,571,529	7,422,305,244	5.14
2020-21	7,456,858,584	262,766	319,429,969	7,776,551,319	4.77

Source: County of San Bernardino, Office of the Auditor-Controller.

VICTOR ELEMENTARY SCHOOL DISTRICT

Statistical Information

For the Fiscal Year Ended June 30, 2021

Typical Total Tax Rates

Table 3 summarizes the total ad valorem tax rates levied by all taxing entities in a typical Tax Rate area with the District for Fiscal Year 2006-07 through Fiscal Year 2020-21.

Table 3
Summary of Ad Valorem Tax Rates

	2006-07	2007-08	2008-09	2009-10	2010-11
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0185	0.0162	0.0167	0.0525	0.0574
Victor Elementary District	0.0335	0.0307	0.0344	0.0480	0.0900
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.0520	1.0469	1.0511	1.1005	1.1474
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550
	2011-12	2012-13	2013-14	2014-15	2015-16
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0619	0.0768	0.0792	0.0770	0.0716
Victor Elementary District	0.0932	0.1026	0.1086	0.1022	0.1124
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.1551	1.1794	1.1878	1.1792	1.1840
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550
	2016-17	2017-18	2018-19	2019-20	2020-21
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0986	0.0915	0.0958	0.0703	0.0445
Victor Elementary District	0.1162	0.1216	0.1204	0.0406	0.0611
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.2148	1.2131	1.2162	1.1109	1.1056
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550

Source: County of San Bernardino, Office of the Auditor/Controller.