

**CARMEL UNIFIED SCHOOL DISTRICT
MONTEREY COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**CARMEL UNIFIED SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Education
Carmel Unified School District
Carmel, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the major fund, and the aggregate remaining fund information of Carmel Unified School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle. 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, schedule of budgetary comparison for the general fund, schedule of changes in the total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability and net pension liability, schedule of District contributions, and notes to the required supplementary information on pages 60-67 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 schedules, combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Instructional Time, Schedule of Expenditures of Federal Awards, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information, and the combining nonmajor fund financial statements 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The History and Organization, Schedule of Financial Trends and Analysis, and Schedule of Charter Schools have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 on our consideration of Carmel Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carmel Unified School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
January 14, 2022

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Carmel Unified School District for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 (Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments) issued June 1999. Certain comparative information between the current and prior year is required to be presented in the MD&A.

The Carmel Unified School District provides instruction to approximately 2,335 students, a 148-student enrollment decrease from 2019-20 from transitional kindergarten through twelfth grade. During the 2020-21 school year, the District operated three elementary schools, one middle school, one high school, one alternative high school, and a Regional Occupational Program (ROP) on an August through June schedule. The District also operates three pre-schools and an adult education program, but due to the COVID-19 Pandemic two of the three preschools operated their normal days of operation (185 days) with the third program re-opening in October 2021.

ANNUAL FINANCIAL REPORT

- * This annual financial report consists of three parts – Management's Discussion and Analysis (this section), a series of financial statements and supplementary information (notes) to those statements. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:
 - Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the district's overall financial position.
 - Fund financial statements focus on reporting the individual parts of the District operations in more detail.
- * The statements are organized so the reader can understand the Carmel Unified School District as a whole, followed by a detailed examination of specific financial activities.
- * The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances and to document the District's accountability for the money it receives.

FINANCIAL HIGHLIGHTS

- * The Carmel Unified School District's Government-wide *Statement of Net Position* indicates the District ended the fiscal year with net position of \$(2,329,299), an improvement of \$1,012,935 over the prior fiscal year.
- * The General Fund reported a positive fund balance of \$29,256,936, a net increase of \$5,018,911 over the prior fiscal year. The increase in fund balance was a result primarily of higher revenues as a result of state and federal COVID-19 funding to mitigate the effect of COVID-19, and operational savings that resulted due to the pandemic. The District maintains reserves for economic uncertainties at 5% of expenditures which exceeds the state mandated minimum of 3%. Additionally, Board policy has established a Basic Aid reserve of no less than 10% of the differential between property tax revenues and the District's revenue as defined by the state's Local Control Funding Formula. On June 30, 2021, the Basic Aid reserve was \$11,815,338 or 17.1% of Total General Fund Expenditures.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- * The Special Reserve for Capital Outlay Fund reported a positive fund balance of \$3,168,121. This balance decreased by \$566,706 from the prior year as a result of completed projects and construction in progress for capital improvement projects. In addition, there were no additional transfers of general fund reserves to the account, the main source of revenue for this fund. The fund's positive ending balance has been assigned by the Board of Education to capital improvement projects throughout the district.

REPORTING THE DISTRICT AS A WHOLE

THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities using the accrual basis of accounting similar to accounting procedures used by private sector corporations. All current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. These two statements report the Carmel Unified School District's net position and indicate whether they have increased or decreased over the prior year. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment, and facility conditions in arriving at a conclusion regarding the overall health of the District.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds of the District, not the organization as a whole. Funds are accounting formats the District uses to keep track of specific sources of funding and expenditures associated with specific programs. Some funds are required by bond covenants and state law. Other funds are established by the District to control and manage a variety of activities for specific purposes or to address specific accounting requirements for certain revenue and expenditure classifications. The student body funds, as well as the foundation special revenue fund, were previously reported as fiduciary funds and are now reported in the fund statements, due to implementation of GASB 84.

GOVERNMENTAL FUNDS

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The government fund statements provide a detailed short-term view of the District's general operations. The information they provide helps determine whether there are more or fewer financial resources available in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the government-wide statements. A reconciliation following the governmental fund statements explains the differences (or relationships) between governmental fund and government-wide financial statements.

PROPRIETARY FUNDS

When the District charges other departments within the District or external users for the services it provides, these services are generally reported in proprietary funds. Proprietary Funds are reported in the same manner as government-wide statements. The proprietary fund category includes Internal Service Funds. Internal Service Funds report activities that provide supplies and services for the District's other programs. The District maintained an Internal Service Fund, the Retiree Benefits Fund, to account for retiree health insurance costs as well as the District's contribution toward the cost of future benefits.

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

STATEMENT OF NET POSITION

The **statement of net position** is the financial statement in which the assets, liabilities, and net position of the district are presented at June 30 for each fiscal year. It follows this format:

	Assets
Plus	Deferred outflows of resources
Minus	Liabilities
Minus	Deferred inflows of resources
Equals	Net position

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Assets			
Cash	\$ 37,151,617	\$ 33,290,819	\$ 3,860,798
Accounts Receivable	2,796,278	1,429,213	1,367,065
Due from Fiduciary Fund	-	2,673	(2,673)
Stores Inventory	37,216	22,191	15,025
Prepaid Expenses	1,771	-	1,771
Capital Assets, Net	49,350,432	51,673,905	(2,323,473)
Total Assets	<u>89,337,314</u>	<u>86,418,801</u>	<u>2,918,513</u>
 Deferred Outflows of Resources			
Deferred Charge on Refunding	2,380,596	2,614,188	(233,592)
Deferred Outflows - Pension and OPEB	18,351,025	18,356,551	(5,526)
Deferred Outflows of Resources	<u>20,731,621</u>	<u>20,970,739</u>	<u>(239,118)</u>
 Liabilities			
Other Liabilities	3,050,838	2,933,497	117,341
Long-Term Debt Outstanding	105,993,553	102,197,539	3,796,014
Total Liabilities	<u>109,044,391</u>	<u>105,131,036</u>	<u>3,913,355</u>
 Deferred Inflows of Resources			
Deferred Inflows - Pension and OPEB	3,353,843	5,600,738	(2,246,895)
Deferred Inflows of Resources	<u>3,353,843</u>	<u>5,600,738</u>	<u>(2,246,895)</u>
 Net Position			
Net Investment in Capital Assets	29,614,543	28,921,104	693,439
Restricted	5,691,637	4,729,909	961,728
Unrestricted	(37,635,479)	(36,993,247)	(642,232)
Total Net Position	<u>\$ (2,329,299)</u>	<u>\$ (3,342,234)</u>	<u>\$ 1,012,935</u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The District's net position was \$(2,329,299) for the Fiscal Year Ended June 30, 2021, and \$(3,342,234) for the fiscal year ended June 30, 2020. This represents an improvement of \$1,012,935 in net position over the prior fiscal period.

- * Cash with the District is invested with the Monterey County Treasury and increased by \$3.86 million. The increase in cash position between fiscal years 2020 and 2021 is primarily a result of state and federal allocations to mitigate the effect of COVID-19, and operational savings as a result. The timing of property tax receipts also contributed to the increase in the district's cash position.
- * Accounts receivable increased by \$1.36 million and are mainly amounts due to the district from State and Federal government sources for the operation of categorical programs and additional funding sources owed to the district to mitigate the COVID-19 pandemic.
- * The value of Capital Assets in the district decreased by approximately \$2.3 million over the prior year due to the net effect of capital asset additions, deletions, less annual depreciation.
- * Deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period which decreased by \$239,118 .
- * Long-Term Liabilities from Other Post Retirement Benefits (OPEB), and Pension obligations increased by \$3.91 million (See Note 8).
- * Deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period for pensions and OPEB in the amount of \$3.35 million, a decrease of \$2.24 million over the prior year.
- * Net Position is the difference between assets (including deferred outflow of resources) and liabilities (including deferred inflow of resources) and represents the equity position of the district. It is reported in three components: net investment in capital assets, restricted, and unrestricted.

STATEMENT OF ACTIVITIES

A statement of activities is similar to a traditional income or change statement. It's straightforward and lists the revenues and expenses of the district, and the difference between them (Increase/Decrease in Net Position). It is a quick reference as to the financial condition of the district.

The statement of activities is divided into three categories:

1. Program Revenue whether received or not from federal and state grants, property tax, interest and investment earnings and other sources of revenue.
2. Expenses - all expenses incurred, whether paid or not during the year. This includes future payments such as employee retirement accounts and the depreciation of capital assets.
3. Changes in Net Position: The revenue and expenses are totaled at the end of the financial statement, and this is what shows the change in net assets for the year ending in June. The change in net position will be subtracted from the net position at the beginning of the year or the beginning of the statement.

This is a quick reference to see how much money has been spent or how much money is left over and presents the results of this year's operations for the District as a whole.

The Statement of Activities is summarized below:

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 69,612	\$ 432,394	\$ (362,782)
Operating Grants and Contributions	9,780,376	6,153,103	3,627,273
General Revenues:			
Property Taxes	60,762,441	57,303,741	3,458,700
Federal and State Aid Not Restricted to Specific Purposes	2,720,541	2,748,025	(27,484)
Interest and Investment Earnings	317,109	684,740	(367,631)
Other	730,417	1,604,623	(874,206)
Total Revenues	<u>74,380,496</u>	<u>68,926,626</u>	<u>5,453,870</u>
Expenses			
Instruction	\$38,942,064	\$37,325,501	1,616,563
Instruction - Related Services	7,825,741	7,798,279	27,462
Pupil Services	6,725,659	6,325,259	400,400
Ancillary Services	934,087	876,025	58,062
Community Services	662,278	452,517	209,761
General Administration	6,178,849	5,150,491	1,028,358
Plant Services	7,737,262	6,789,108	948,154
Other Outgo	1,068,862	1,003,074	65,788
Debt Service - Interest	428,567	1,273,857	(845,290)
Depreciation (Unallocated)	3,285,377	3,225,986	59,391
Total Expenses	<u>73,788,746</u>	<u>70,220,097</u>	<u>3,568,649</u>
Increase (Decrease) in Net Position	591,750	(1,293,471)	1,885,221
Net Position - Beginning of Year	(3,342,234)	(2,048,763)	(1,293,471)
Adjustment For Cumulative Effect of Change in Accounting Principle (Note 14)	421,185	-	421,185
Net Position - Beginning of Year, as Restated	<u>(2,921,049)</u>	<u>(2,048,763)</u>	<u>(872,286)</u>
Net Position - End of Year	<u>\$ (2,329,299)</u>	<u>\$ (3,342,234)</u>	<u>\$ 1,012,935</u>

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total revenues at June 30, 2021, are approximately \$5.43 million more than in 2020. This is largely the result of increases in local property tax income, and the influx of state and federal funds to mitigate the effect of COVID-19. Expenses increased approximately \$3.56 million in the same period. The largest change in expenses is primarily a result of additional costs associated with salary and health benefit cap increases, and additional staffing to provide more academic support to students.

The information in the following table shows the District's ten (10) largest functions and their respective net costs (total cost less revenues generated by the activities) for the fiscal year ended June 30, 2021.

Functions/Programs	Total Cost of Services	Net Cost of Services
Governmental Activities:		
Instruction	\$ 38,942,064	\$ 32,657,412
Instruction - Related Services	7,825,741	7,009,719
Pupil Services	6,725,659	5,243,950
Ancillary Services	934,087	896,129
Community Services	662,278	210,959
General Administration	6,178,849	5,841,122
Plant Services	7,737,262	7,519,939
Other Outgo	1,068,862	845,584
Debt Service - Interest	428,567	428,567
Depreciation (Unallocated)	3,285,377	3,285,377
Total Governmental Activities	<u>\$ 73,788,746</u>	<u>\$ 63,938,758</u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GOVERNMENTAL FUNDS

The General Fund, for reporting purposes, is a major fund and is stated separately from those funds included under the title "non-major governmental funds" (see page 77 and 78 for individual detail of funds). The District also operates adult education and deferred maintenance programs. Throughout the year these programs are accounted for independently. As required by GASB Statement No. 54, fund balance amounts from these programs are included in general fund statements for reporting purposes.

FUND BUDGET VARIATIONS

The District begins the budget process in January of each year, by forecasting changes in revenue and expenditure assumptions. Each school in the District receives a budgetary allocation based on projected student enrollment, historical spending and current site needs. Individual departments provide input to the Business Office regarding their budget needs. In June of each year, a budget is adopted by the Carmel Unified School District's Board of Trustees, effective July 1 for fiscal year ending June 30 of the subsequent calendar year. As the school year progresses, the budget is revised and updated, with numerous financial reports made public outlining the revisions. During the fiscal year, the Board of Education authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District.

There are several reasons for budget revisions. Any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would yield budget revisions. Also, salary changes for district employees are reflected through a budget revision.

Approximately 2 months after the June 30 fiscal year end, the books are closed, and the results are audited, yielding actual final numbers.

GENERAL FUND BUDGET INFORMATION

The General Fund is the District's principal operating fund.

- * On page 60 of the "Required Supplementary Information" section of the attached financial statements, is a chart comparing general fund budgetary amounts to actual revenues and expenses. For the 2020-21-year variances between original and final budgets are a result of the following: In revenues, the District projected a lower local property tax revenue than initially projected by the County Assessor. In expenditures, benefits variance is a result of \$500 increase toward the health benefit cap, effective January 1, 2021, to address the rising cost of health care and recorded STRS on Behalf payments made by the State. Interfund transfers out increased as a result of decisions to fund capital improvements and to fund deferred maintenance of district facilities for the subsequent three years.
- * The District's largest operating expenses are for salaries and benefits. In the 2020-21 year, expenditures in those categories approximated 86% of total expenses incurred in the general fund. Certificated and classified salaries are adjusted annually for step and column increases and savings due to attrition and retirements.

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets

The Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires that governmental agencies account for fixed assets in the same way that private and public corporations do. This involves recognizing the cost of such District fixed assets as land and building and equipment in the fixed asset section of the statement of net position. Districts must track annual and accumulated depreciation on major assets.

As of June 30, 2021, the District had \$49,350,432 invested in capital assets for governmental activities net of depreciation. Note 7 to the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation is presented below:

Land	\$ 4,023,454
Art Collection	101,200
Construction in Progress	210,650
Depreciable Assets, Net	45,015,128
Total Capital Assets	<u>\$ 49,350,432</u>

The total net capital assets balance decreased approximately \$2.3 million over the prior year, as a result of normal depreciation.

Debt

Notes 8, 9, 10, and 11 to the financial statements provide additional information on outstanding debt. A summary of the district's outstanding debt at year-end is presented below:

General Obligation Bonds	\$ 27,848,637
Compensated Absences	372,662
Net OPEB Liability	14,359,852
Net Pension Liability	63,412,402
Net Long-Term Debt	<u>\$ 105,993,553</u>

The long-term debt balance was approximately \$102.2 million in the prior year. The change in balance from prior to current year is a result of updating long term liabilities associated with employee pension programs, a reduction in general obligation bond balances, based on scheduled repayments, and the most recent actuarially determined postemployment benefit balances. The amount for other postemployment benefits is based on an actuarial calculation as required by GASB Statement No. 75.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

In planning the 2021-22 operating budget, the District Board and management utilized the following criteria:

- 1) The District's primary source of income, property tax revenue, was budgeted based on estimated yields derived from the County Assessor's most recent projected valuations.
- 2) The number of K-12 students to be served by the District was expected to decrease slightly based on the cohort survival method of projecting enrollment.
- 3) Certificated staffing levels were based on enrollment projections for each school site.

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- 4) The District's ending fund balance includes a projected available reserve of 5% which exceeds the State's recommended 3% contingency reserve requirement and also includes a reserve for basic aid exceeding the Board established minimum of 10% of the differential between the Local Control Funding Formula (LCFF) calculation and property tax income.
- 5) The COVID-19 Pandemic continues to create a public health crisis, and although the economy has rallied, there are inflationary economic concerns. As a result, the district will continue to proceed cautiously in its financial planning.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. The report is available on the District's website, under the Business Services Department webpage (<https://www.carmelunified.org/Page/4390>). Questions concerning any of the information provided in this report or requests for additional financial information contact Yvonne Perez, Chief Business Official at P.O. Box 222700, Carmel, CA 93922, 831-624-1546 or e-mail: yperez@carmelunified.org

FINANCIAL SECTION

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 36,695,437
Cash in Banks	252,828
Cash in Revolving Fund	5,000
Cash Collections Awaiting Deposit	198,352
Accounts Receivable	2,796,278
Stores	37,216
Prepaid Expenses	1,771
Land	4,023,454
Art Collection	101,200
Construction in Progress	210,650
Depreciable Assets, Net	<u>45,015,128</u>
Total Assets	<u><u>89,337,314</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	2,380,596
Deferred Outflows - OPEB	3,425,045
Deferred Outflows - Pensions	<u>14,925,980</u>
Total Deferred Outflows of Resources	<u><u>20,731,621</u></u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	2,592,306
Accrued Interest	260,511
Unearned Revenue	198,021
Current Portion of Long-Term Liabilities:	
General Obligation Bonds	2,455,000
Other Postemployment Benefits Liability	527,166
Noncurrent Portion of Long-Term Liabilities:	
General Obligation Bonds	25,393,637
Compensated Absences	372,662
Other Postemployment Benefits Liability	13,832,686
Net Pension Liability	<u>63,412,402</u>
Total Liabilities	<u><u>109,044,391</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - OPEB	1,090,267
Deferred Inflows - Pensions	<u>2,263,576</u>
	<u><u>3,353,843</u></u>
NET POSITION	
Net Investment in Capital Assets	29,614,543
Restricted for:	
Capital Improvements	206,957
Debt Service	2,767,804
Educational Programs	1,218,041
Other Programs	381,425
Retiree Health Benefits	1,117,410
Unrestricted	<u>(37,635,479)</u>
Total Net Position	<u><u>\$ (2,329,299)</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 38,942,064	\$ 60,683	\$ 6,223,969	\$ (32,657,412)
Instruction - Related Services	7,825,741	879	815,143	(7,009,719)
Pupil Services	6,725,659	(1,590)	1,483,299	(5,243,950)
Ancillary Services	934,087	9,384	28,574	(896,129)
Community Services	662,278	256	451,063	(210,959)
General Administration	6,178,849	-	337,727	(5,841,122)
Plant Services	7,737,262	-	217,323	(7,519,939)
Other Outgo	1,068,862	-	223,278	(845,584)
Debt Service - Interest	428,567	-	-	(428,567)
Depreciation (Unallocated)	3,285,377	-	-	(3,285,377)
Total Governmental Activities	<u>\$ 73,788,746</u>	<u>\$ 69,612</u>	<u>\$ 9,780,376</u>	<u>(63,938,758)</u>
GENERAL REVENUES				
Property Taxes Levied for:				
				57,666,270
				3,096,171
				2,720,541
				317,109
				730,417
				<u>64,530,508</u>
CHANGE IN NET POSITION				
				591,750
NET POSITION - BEGINNING OF YEAR				
				(3,342,234)
				Adjustment For Cumulative Effect of Change
				Change in Accounting Principle (Note 14)
				421,185
				<u>(2,921,049)</u>
NET POSITION - END OF YEAR				
				<u>\$ (2,329,299)</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash in County Treasury	\$ 29,761,022	\$ 5,801,949	\$ 35,562,971
Cash in Banks	133	252,695	252,828
Cash in Revolving Fund	5,000	-	5,000
Cash Collections Awaiting Deposit	53,930	144,422	198,352
Accounts Receivable	2,746,601	47,331	2,793,932
Due from Other Funds	139,349	718,644	857,993
Stores	-	37,216	37,216
Prepaid Expenditures	1,596	175	1,771
Total Assets	\$ 32,707,631	\$ 7,002,432	\$ 39,710,063
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Other Current Liabilities	2,501,122	91,184	2,592,306
Due to Other Funds	757,572	83,019	840,591
Unearned Revenue	192,001	6,020	198,021
Total Liabilities	3,450,695	180,223	3,630,918
Fund Balances:			
Nonspendable	6,596	37,391	43,987
Restricted	1,218,041	3,616,697	4,834,738
Assigned	24,825,016	3,168,121	27,993,137
Unassigned	3,207,283	-	3,207,283
Total Fund Balances	29,256,936	6,822,209	36,079,145
Total Liabilities and Fund Balances	\$ 32,707,631	\$ 7,002,432	\$ 39,710,063

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 36,079,145

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 4,023,454	
Art Collection	101,200	
Construction in Progress	210,650	
Depreciable Assets, Net	45,015,128	49,350,432

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	(27,848,637)	
Compensated Absences	(372,662)	
Other Postemployment Benefits Other than Pensions (OPEB)	(14,359,852)	
Net Pension Liability	(63,412,402)	(105,993,553)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred Charge on Refunding	2,380,596	
Deferred Outflows - OPEB	3,425,045	
Deferred Inflows - OPEB	(1,090,267)	
Deferred Outflows - Pensions	14,925,980	
Deferred Inflows - Pensions	(2,263,576)	17,377,778

An internal service funds is used by the District to accumulate funds for the future liability for early retiree health benefits and to pay current costs. The assets and liabilities should be included with governmental activities. The fund consists of:

Net Position		1,117,410
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Interest expense related to general obligation bonds payable was incurred but not accrued through June 30, 2021.

(260,511)

Total Net Position - Governmental Activities

\$ (2,329,299)

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Local Control Funding Formula Sources	\$ 59,810,298	\$ -	\$ 59,810,298
Federal Sources	2,742,980	1,022,207	3,765,187
Other State Sources	4,791,134	373,270	5,164,404
Other Local Sources	1,868,624	3,773,139	5,641,763
Total Revenues	<u>69,213,036</u>	<u>5,168,616</u>	<u>74,381,652</u>
EXPENDITURES			
Instruction	35,811,758	729,592	36,541,350
Instruction - Related Services	7,196,114	355,704	7,551,818
Pupil Services	4,975,853	1,341,305	6,317,158
Ancillary Services	766,428	64,642	831,070
Community Services	533,211	83,923	617,134
General Administration	5,713,179	-	5,713,179
Plant Services	7,017,404	607,521	7,624,925
Other Outgo	1,068,862	1,153	1,070,015
Debt Service	-	2,937,153	2,937,153
Total Expenditures	<u>63,082,809</u>	<u>6,120,993</u>	<u>69,203,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,130,227</u>	<u>(952,377)</u>	<u>5,177,850</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	-	584,150	584,150
Interfund Transfers Out	(1,111,316)	-	(1,111,316)
Total Other Financing Sources (Uses)	<u>(1,111,316)</u>	<u>584,150</u>	<u>(527,166)</u>
NET CHANGES IN FUND BALANCE	5,018,911	(368,227)	4,650,684
Fund Balances - Beginning of Year, As Originally Stated	24,238,025	6,769,251	31,007,276
Adjustment For Cumulative Effect of Change in Accounting Principle (Note 14)	-	421,185	421,185
Fund Balances - Beginning of Year, As Restated	<u>24,238,025</u>	<u>7,190,436</u>	<u>31,428,461</u>
Fund Balances - End of Year	<u>\$ 29,256,936</u>	<u>\$ 6,822,209</u>	<u>\$ 36,079,145</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 4,650,684

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 961,904	
Depreciation Expense	(3,285,377)	
Excess of Depreciation Over Capital Outlay		(2,323,473)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. The net effect of these differences in treatment of general obligation bonds and related items is as follows:

General Obligation Bond Principal Payments	2,260,000	
Net Change in Premium on General Obligation Bonds	990,504	
Net Change in Deferred Charges on General Obligation Bonds	(233,592)	3,016,912

In governmental funds, pension costs are recognized when the employer contribution is made and OPEB costs when the benefit payment is made, but in the statement of activities, pension costs and OPEB costs are recognized on the accrual basis. The difference between accrual basis costs and actual contributions or payments is as follows:

Pension Costs	(3,108,174)	
OPEB Costs	(1,093,886)	(4,202,060)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Decrease in Accrued Interest	43,312	
Net Increase in Accreted Interest	(551,639)	
Net Increase in Compensated Absences	(51,450)	(559,777)

An internal service fund is used by the District to accumulate funds for the future liability for early retiree health benefits. The net income of the internal service fund is reported with governmental activities.

9,464

Change in Net Position of Governmental Activities \$ 591,750

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2021**

	Governmental Activities: Internal Service Fund <hr/> Retiree Benefits Fund <hr/>
ASSETS	
Cash in County Treasury	\$ 1,132,466
Accounts Receivable	2,346
Due from Other Funds	365
Total Assets	<hr/> <u>1,135,177</u>
LIABILITIES	
Due to Other Funds	<hr/> 17,767
Total Liabilities	<hr/> <u>17,767</u>
NET POSITION	
Restricted for Retiree Health Benefits	<hr/> 1,117,410
Total Net Position	<hr/> <u>\$ 1,117,410</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Governmental Activities: Internal Service Fund <u>Retiree Benefits Fund</u>
OPERATING EXPENSES	
Employee Benefits	\$ 527,166
Total Operating Expenses	<u>527,166</u>
OPERATING LOSS	(527,166)
NONOPERATING REVENUES	
Interest Income	<u>9,464</u>
INCOME BEFORE TRANSFERS	(517,702)
Transfers In	<u>527,166</u>
INCREASE IN NET POSITION	9,464
Net Position - Beginning of Year	<u>1,107,946</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,117,410</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021**

	Governmental Activities: Internal Service Fund Retiree Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Paid for Retiree Benefit Insurance	\$ (527,166)
Net Cash Used by Operating Activities	<u>(527,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>11,103</u>
Net Cash Provided by Investing Activities	<u>11,103</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers between General Fund and Retiree Benefits Fund	<u>1,082,076</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,082,076</u>
NET INCREASE IN CASH	566,013
Cash - July 1, 2020	<u>566,453</u>
CASH - JUNE 30, 2021	<u>\$ 1,132,466</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
OPERATING LOSS	<u>\$ (527,166)</u>
Net Cash Used by Operating Activities	<u>\$ (527,166)</u>
Cash Balances at June 30, 2021 Consisted of the Following:	
Cash in County Treasury	<u>\$ 1,132,466</u>
Total Cash	<u>\$ 1,132,466</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carmel Unified School District (the District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to accounting principles generally accepted (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required.

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: Includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: Includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: Includes home to school transportation, food services, and other pupil services.

Ancillary Services: Includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: Includes activities that provide services to community participants other than students.

General Administration: Includes data processing services and all other general administration services.

Plant Services: Includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: Includes transfers to other agencies.

Debt Service: Includes principal and interest payments for long term debt.

The proprietary fund expenses are presented by natural classification.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The statement of revenues, expenditures, and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: Used to account for all financial resources except those accounted for in another fund. The Adult Education and Deferred Maintenance Funds have been consolidated with the General Fund. These funds do not meet the definition of a special revenue fund as they are no longer primarily composed of restricted or committed revenue sources.

Governmental Funds – Nonmajor

Special Revenue Funds: Used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Student Activity Special Revenue Fund: Used to account for the activity of the District's Associated Student Body organizations. The District operates two Associated Student Body organizations that raise and expend money to promote the general welfare, morale and educational experiences of students. The amounts reported represent the combined totals of all schools within the District that operate Associated Student Body Funds.

Child Development Fund: Used to account for resources committed to child development programs.

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

Foundation Special Revenue Fund: Used to account for gifts or bequests covered by a formal trust agreement and under which both earnings and principal may be used for purposes that support the District's own programs. The board has designated that any amounts earned above the principal amount of \$100,000 may be used for fine arts related purposes.

Capital Projects Funds: Used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental fixed assets.

Capital Facilities Fund: Used to account for resources received from residential and commercial developer impact fees.

Special Reserve for Capital Outlay: Used to account for specific board-approved capital expenditures.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds – Nonmajor (Continued)

Debt Service Funds: Used to account for the accumulation of financial resources for, the payment of general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund: Used to account for the payment of principal and interest on general obligation bonds.

Proprietary Fund

Internal Service Fund: The Retiree Benefits Fund is used to account for retiree benefits health insurance costs as well as the District's contribution toward future benefit costs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of 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, with the exception of state apportionment, interest, and reimbursement grants which are considered available as collectible within one year.

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stores

Stores are presented at the lower of cost or market on a weighted average basis and are expensed when used. Stores consists of expendable supplies held for consumption. At June 30, 2021, the stores in the Cafeteria Fund for food is \$19,268 and the stores in the Student Activity Fund for student activities is \$17,948.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land, art collection, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 Years
Equipment	5-15 Years

Depreciation expense reported on the government-wide statement of activities excludes direct depreciation expense recorded to functions where applicable.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to future reporting periods and will not be recognized as revenue until then. Deferred inflows of resources represent an acquisition of net position that is applicable to future reporting periods. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows/Inflows – OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plans, differences between experience gains and losses, and changes in assumptions. The deferred inflows of resources related to OPEB benefits results from differences between experience gains and losses and changes in assumptions. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows/Inflows – Pensions: The deferred outflows/inflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Premiums and discounts on issued debt are deferred and amortized over the life of the bonds. Debt is reported net of the applicable premium or discount.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Postemployment Benefits Other Than Pensions (OPEB) Liability

For purposes of measuring the District's OPEB liability related to the Medicare Premium Payment (MPP) Program, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. For this purpose, the MPP Program recognizes 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.

Net Pension Liability

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

Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District. All other net position is presented as unrestricted.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Education. These amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances as of June 30, 2021.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education, through a formal action has given authority to Chief Business Official to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment functions.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires the District to establish and maintain a General Fund reserve for economic uncertainty at 5% of the District's General Fund expenditure budget. In addition, the policy requires the District to establish and maintain a Basic Aid reserve at a recommended level of no less than 10% of annual General Fund expenditures to provide transitional funding in the event of the potentially catastrophic loss of basic aid funding. Additionally, the Board reviews its financial position annually to determine the incremental increase, if any, to the Basic Aid reserve. The Board endeavors to achieve a Basic Aid reserve equivalent to the differential between its Basic Aid revenues and the State's local control funding formula sources.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. Property taxes receivable for the General Fund or Debt Service purposes cannot be estimated because the information was not provided by the county auditor and have therefore not been accrued.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System (STRS) on behalf of all school districts in California.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as self-insurance premiums. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

Estimates

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

NOTE 2 BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District Board of Education during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk

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 deposit policy for custodial risk. As of June 30, 2021, \$0 of the District's bank balance of \$262,898 was exposed to credit risk.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Monterey County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. The fair value of the pooled investments at June 30, 2021 is measured at 100% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Monterey County Treasurer – Tax Collector, 168 W. Alisal Street, 1st Floor, Salinas, California 93901.

Cash in County Treasury – Overdraft

At June 30, 2021, Cash in County Treasury overdrafts reported in the combining non-major balance sheet occurred in the Child Development Fund (\$523,541) and the Cafeteria Fund (\$243,420), due to the timing of the annual contribution to these funds from the general fund to support these programs. The negative balances in these Cash in County Treasury accounts decreased for the year ending June 30, 2021, due to the district estimating and processing transfers to both funds before June 30, 2021. The cash position for both funds was finalized after the year-end closing process to correct the cash overdraft.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 ACCOUNTS RECEIVABLE

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

<u>Accounts Receivable</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Self-Insurance Fund</u>	<u>Total Governmental Activities</u>
Federal and State	\$ 2,249,152	\$ 36,356	\$ 2,285,508	\$ -	\$ 2,285,508
Miscellaneous	497,449	10,975	508,424	2,346	510,770
Total Accounts Receivable	<u>\$ 2,746,601</u>	<u>\$ 47,331</u>	<u>\$ 2,793,932</u>	<u>\$ 2,346</u>	<u>\$ 2,796,278</u>

NOTE 5 INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the Government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2021 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 139,349	\$ 757,572
Nonmajor Governmental Funds:		
Child Development Fund	634,135	76,009
Cafeteria Fund	84,509	-
Foundation Special Revenue Fund	-	1,153
Special Reserve for Capital Outlay Fund	-	5,857
Proprietary Funds:		
Retiree Benefits Fund	365	17,767
Total	<u>\$ 858,358</u>	<u>\$ 858,358</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

Transfer from the General Fund to the Adult Education Fund to Support Administrative Functions	\$ 66,024
Transfer from the General Fund to the Child Development Fund for Board Approved Supplement of Employee Discounts and Other Program Tuition Differentials	348,468
Transfer from the General Fund to the Cafeteria Fund to Support Nutritional Services for Students	235,682
Transfer from the General Fund to the Retiree Benefits Fund to Fund the District's Contribution for Retiree Health Benefits	<u>527,166</u>
Subtotal	1,177,340
Intra-Fund Elimination Between the General Fund and the Adult Education Fund	<u>(66,024)</u>
Total	<u><u>\$ 1,111,316</u></u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 FUND BALANCES

The following amounts were nonspendable, restricted, assigned, or unassigned as shown below:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Cash in Revolving Fund	\$ 5,000	\$ -	\$ 5,000
Stores	-	37,216	37,216
Prepaid Expenditures	1,596	175	1,771
Total Nonspendable	<u>6,596</u>	<u>37,391</u>	<u>43,987</u>
Restricted:			
Legally Restricted Programs	1,218,041	27,338	1,245,379
Foundation	-	101,487	101,487
Student Activity Fund	-	252,600	252,600
Capital Projects	-	206,957	206,957
Debt Service	-	3,028,315	3,028,315
Total Restricted	<u>1,218,041</u>	<u>3,616,697</u>	<u>4,834,738</u>
Assigned:			
Basic Aid Reserve	11,815,338	-	11,815,338
Textbook Adoptions	950,000	-	950,000
Reserve of Technology and Network	1,000,000	-	1,000,000
Reserve of Cash Flow	3,000,000	-	3,000,000
Reserve of Instructional Technology	421,090	-	421,090
Safety & Security	900,000	-	900,000
Unrestricted Resources Carryover	51,617	-	51,617
Vehicle Replacement	400,000	-	400,000
Other Postemployment Benefits	942,000	-	942,000
Capital Projects	3,107,976	3,168,121	6,276,097
Deferred Maintenance Projects	2,236,995	-	2,236,995
Total Assigned	<u>24,825,016</u>	<u>3,168,121</u>	<u>27,993,137</u>
Unassigned:			
Economic Uncertainties	<u>3,207,283</u>	-	<u>3,207,283</u>
Total Unassigned	<u>3,207,283</u>	-	<u>3,207,283</u>
Total Fund Balance	<u>\$ 29,256,936</u>	<u>\$ 6,822,209</u>	<u>\$ 36,079,145</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2021 is shown below.

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 4,023,454	\$ -	\$ -	\$ 4,023,454
Art Collection	101,200	-	-	101,200
Construction in Progress	687,260	389,421	866,031	210,650
Total Capital Assets Not Being Depreciated	4,811,914	389,421	866,031	4,335,304
Capital Assets Being Depreciated:				
Buildings and Improvements	92,122,899	839,928	-	92,962,827
Equipment	5,127,557	598,586	-	5,726,143
Total Capital Assets Being Depreciated	97,250,456	1,438,514	-	98,688,970
Less Accumulated Depreciation for:				
Buildings and Improvements	46,804,606	2,939,048	-	49,743,654
Equipment	3,583,859	346,329	-	3,930,188
Total Accumulated Depreciation	50,388,465	3,285,377	-	53,673,842
Depreciable Assets, Net	46,861,991	(1,846,863)	-	45,015,128
Governmental Activities Capital Assets, Net	\$ 51,673,905	\$ (1,457,442)	\$ 866,031	\$ 49,350,432

NOTE 8 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 is shown below.

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due in One Year
General Obligation Bonds	\$ 23,083,446	\$ -	\$ 2,260,000	\$ 20,823,446	\$ 2,455,000
Accreted Interest	5,180,513	551,639	-	5,732,152	-
Premium on General Obligation Bonds	2,283,543	-	990,504	1,293,039	-
Total General Obligation Bonds	30,547,502	551,639	3,250,504	27,848,637	2,455,000
Compensated Absences	321,212	235,530	184,080	372,662	-
OPEB Liability	12,004,848	2,355,004	-	14,359,852	527,166
Net Pension Liability	59,323,977	4,088,425	-	63,412,402	-
Total	\$ 102,197,539	\$ 7,230,598	\$ 3,434,584	\$ 105,993,553	\$ 2,982,166

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net other postemployment benefits liability, and net pension liability. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 GENERAL OBLIGATION BONDS

Bonds are payable solely from ad valorem property taxes levied and collected by the County of Monterey. The Board of Supervisors of the County has the power and is obligated to annually levy ad valorem taxes for the payment of interest and principal on the district's bonds.

The Series 2000 and 2002 Bonds were authorized at a special election of the registered voters of the District held on May 23, 2000, at which time more than two-thirds of the persons voting authorized the issuance and sale of bonds, not to exceed \$20,000,000, for the purpose of acquisition, construction, and renovation of school facilities.

On August 1, 2000, the District issued \$10,335,000 in General Obligation Bonds, Series 2000. Outstanding balances were satisfied by the proceeds of the 2010 Refunding Bonds.

On February 28, 2002, the District issued \$9,663,455 in General Obligation Bonds, Series 2002 as Current Interest and Capital Appreciation Bonds. The Capital Appreciation Series 2002 Bonds accrete in value semiannually on February 1 and August 1 commencing August 1, 2002.

The Series 2006 and 2008 Bonds were authorized at a special election of the registered voters of the District held on November 8, 2005, at which 55% or more of the persons voting authorized the issuance and sale of bonds, not to exceed \$21,500,000 principal amount, to renovate, modernize, and construct school facilities for the District.

On June 14, 2006, the District issued \$10,750,744 in General Obligation Bonds, Series 2006 as Current Interest and Capital Appreciation Bonds.

On July 10, 2008, the District issued \$10,749,246 General Obligation Bonds, Series 2008 as Current Interest and Capital Appreciation Bonds. Each series of bonds accrete in value compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2007 and February 1, 2009 respectively.

2010 Refunding: On May 26, 2010, the District offered for sale \$15,140,000 of general obligation refunding bonds under the provisions of Title 5, Division 2, Part 10, Chapter 1 of the State of California Education Code and pursuant to the County Resolution dated August 14, 2001. The bonds were issued for the purpose of partially refunding the outstanding 2000 series. The proceeds associated with the refunding were deposited in an escrow account for future payment. In 2011-12, the 2000 series general obligation bonds were fully defeased by the escrow refunding agent.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

2016 Refunding: On October 20, 2016, the District offered for sale \$17,755,000 of general obligation refunding bonds under provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State of California Government Code for the purpose of refunding portions of the outstanding Election of 2005, Series 2006, Election of 2005, Series 2008, and 2010 General Obligation Refunding Bonds, collectively the Refunded Bonds. The proceeds associated with the 2016 General Obligation Refunding Bonds were deposited to an escrow account for future payment and redemption of the Refunded Bonds and, as such, the Refunded Bonds are considered in-substance defeased. The outstanding balance of the Refunded Bonds was \$3,990,000 at June 30, 2021.

The outstanding general obligation bonded debt of the District at June 30, 2021 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate Percent	Amount of Original Issue	Outstanding June 30, 2021*
Series:					
2002	2/28/2002	8/1/2026	3.50-6.00%	\$ 9,663,455	\$ 3,110,444
2006	6/14/2006	8/1/2030	4.00-5.00%	10,750,744	3,605,570
2008	7/10/2008	8/1/2033	4.00-5.00%	10,749,246	3,329,584
2010 Refunding	5/26/2010	8/1/2025	2.00-5.00%	15,140,000	1,405,000
2016 Refunding	10/20/2016	8/1/2032	2.00-4.00%	17,755,000	15,105,000
		Total		<u>\$ 64,058,445</u>	<u>\$ 26,555,598</u>

* includes accreted interest through June 30, 2021.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Current Interest Bond Principal	Capital Appreciation Bond Principal	Accreted Interest Component	Current Interest Component	Total
2022	\$ 2,455,000	\$ -	\$ -	\$ 578,675	\$ 3,033,675
2023	2,685,000	-	-	478,425	3,163,425
2024	1,995,000	286,353	648,647	384,825	3,314,825
2025	2,195,000	279,049	685,951	301,025	3,461,025
2026-2030	5,175,000	2,211,111	5,058,889	572,105	13,017,105
2031-2034	2,005,000	1,536,933	5,153,067	125,313	8,820,313
Total	<u>\$ 16,510,000</u>	<u>\$ 4,313,446</u>	<u>\$ 11,546,554</u>	<u>\$ 2,440,368</u>	<u>\$ 34,810,368</u>

Capital appreciation bonds were issued as part of Series 2002 with maturity dates from August 1, 2002 through 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,098,455 and accreted interest accreted of \$2,011,989 totaling \$3,110,444 has been reflected in the long-term debt balance.

Capital appreciation bonds were issued as part of Series 2006 with maturity dates from August 1, 2007 through 2030. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,650,744 and accreted interest accreted of \$1,954,826 totaling \$3,605,570 has been reflected in the long-term debt balance.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

Capital appreciation bonds were issued as part of Series 2008 with maturity dates from August 1, 2010 through 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,564,247 and accreted interest accreted of \$1,765,337 totaling \$3,329,584 has been reflected in the long-term debt balance.

Proceeds received in excess of debt for both refundings are added to the maturity amount on the Statement of Net Position and amortized to interest expense over the life of the liability. The refunding bonds included a total premium of \$3,307,088. Amortization of \$990,504 was recognized during the year ended June 30, 2021.

For both refundings, the difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$3,858,264. Amortization of \$233,592 was recognized during the year ended June 30, 2021.

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single-employer, postemployment healthcare benefit plan for qualified employees. In addition, some qualified certificated employees are participants in the Medicare Premium Payment Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2021, the District's total liability for postemployment healthcare benefits consisted of the following:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Benefit Program	\$ 14,075,916	\$ 3,425,045	\$ 1,090,267	\$ 1,746,499
MPP Program	283,936	-	-	30,706
Total	<u>\$ 14,359,852</u>	<u>\$ 3,425,045</u>	<u>\$ 1,090,267</u>	<u>\$ 1,777,205</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

The details of the plans are as follows:

Postemployment Healthcare Benefits Plan

Plan Description and Eligibility

The District offers medical, dental, and vision benefits to its employees and retirees. These benefits are offered as a package through the Monterey County Schools Insurance Group (MCSIG) JPA. A three-tiered rate structure applies to active employees and retirees under the age of 65. The medical plan is a PPO option with no lifetime maximum benefits. Dental and vision benefits are provided through Delta Dental and Vision Service Plan. Retirees are covered to age 65, unless grandfathered to age 66 when hired prior to July 1, 2015. Qualifications for coverage require 5 to 10 consecutive years of service, depending on employee unit. Employees with a 0.75 FTE qualify for family coverage; otherwise, coverage is single or one dependent.

Participant Type	Number of Participants
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	44
Active Plan Members	355
Total	399

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2021, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

The District contributes 100% up to the established annual District cap of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For the year ended June 30, 2021, the District contributed \$527,166 for retiree premium costs, which are recognized as deferred outflows for contributions made after the measurement date and will be recognized in the subsequent year. Total member contributions were \$83,604.

Total OPEB Liability

As of June 30, 2021, the total OPEB liability is \$14,075,916.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Assumptions

The total OPEB liability 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 using the assumptions listed in the following table:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age
Salary Increases	2.75%
Healthcare Costs Trend Rate	4.00%

Mortality assumptions are based on the 2009 CalSTRS Retiree and Active Mortality tables for Certificate employee types as applicable and 2014 CalPERS Retiree and Active Mortality tables for Miscellaneous Employees, as applicable for Classified Employee types. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projection as deemed appropriate based on CalSTRS and CalPERS analysis.

Actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience turnover tables 2009 CalSTRS Termination Rates and 2009 CalPERS Termination Rates for School Employees.

Discount Rate

The discount rate used to measure the OPEB liability was 2.20% as compared to 3.50% in the prior year. The projection of cash flows used to determine the discount rate was based on the Bond Buyer 20 Bond Index. There are no plan assets.

Changes in the Total OPEB Liability

Beginning Balance - July 1, 2019	\$ 11,751,618
Changes for the Year:	
Service Cost	1,121,374
Interest Cost	419,553
Differences Between Expected and Actual Experience	-
Differences Between Experience Gains and Losses	6,536
Changes in Assumptions	1,433,507
Changes in Benefit Terms	-
Expected Benefit Payments	(656,672)
Net Changes	<u>2,324,298</u>
Ending Balance - June 30, 2020	<u>\$ 14,075,916</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity

The following present the District's OPEB liability calculated using the discount rate of 2.2%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.2%) or 1 percentage point higher (3.2%) than the current rate:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	\$ 15,120,692
Current Discount Rate	14,075,916
1% Increase	12,929,977

The following present the District's OPEB liability calculated using the healthcare cost trend rate of 4.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (3.0%) or 1 percentage point higher (5.0%) than the current rate:

<u>Healthcare Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	\$ 13,073,065
Current Healthcare Trend Rate	14,075,916
1% Increase	15,253,100

Amortization of Deferred Outflows and Deferred Inflows of Resources

The deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. The deferred inflows of resources related to OPEB resulted from the change in assumptions and will be amortized over a ten-year period on a straight-line basis. One-tenth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining nine-year period.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Made After the Measurement Date	\$ 527,166	\$ -
Differences Between Experience Gains and Losses	5,882	918,929
Changes in Assumptions	2,891,997	171,338
Total	<u>\$ 3,425,045</u>	<u>\$ 1,090,267</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

The deferred inflows of resources will be amortized to offset OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ 205,572
2023	205,572
2024	205,572
2025	205,572
2026	205,572
Thereafter	779,752
Total	<u>\$ 1,807,612</u>

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the years ending June 30, 2020 and 2019, 5,984 and 5,443 retirees participated in the MPP Program, respectively. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be pre-determined.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining 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, which is a pooled investment program administered by the State Treasurer.

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 aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2019-20 were \$27.68 million.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued)

Funding Policy (Continued)

Because amounts credited to the MPP Program are deducted from the employer's regular STRP contributions, there are no contribution rates specific to the MPP Plan. Employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued when required by statute, and the employer has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly using current contribution rates and estimates based on historical creditable compensation. CalSTRS recognizes MPP Program expenses when due and payable.

Net OPEB Liability

As of June 30, 2021, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance
	June 30, 2021
Proportionate Share of OPEB Liability	
Total OPEB Liability	\$ 281,924
Plan Fiduciary Net Position	(2,012)
Net OPEB Liability	\$ 283,936

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on Schedule C of the audited proportionate share schedules of the MPP Program. This schedule presents the projection of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.0670% which is a decrease of 0.0010% from its proportion measured as of June 30, 2019.

Actuarial Methods and Assumptions

Total OPEB liability for the MPP Program 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 using the assumptions listed in the following table:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2014 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	2.21%
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.40%

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued

Actuarial Methods and Assumptions (Continued)

In addition, 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' age increases. 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 percent 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued)

Discount Rate (Continued)

The following table presents the net OPEB liability of employers using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (1.21%)	\$ 313,970
Current Discount Rate (2.21%)	283,936
1% Increase (3.21%)	258,379

Medicare Costs Trend Rate

The June 30, 2019, valuation uses the 2020 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 4.50 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 5.40 percent increase each year.

The following table presents the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1 percent lower and 1 percent higher than the current rate:

<u>Health Care Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.5% Part A, 4.4% Part B)	\$ 257,454
Current Healthcare Trend Rate (4.5% Part A, 5.4% Part B)	283,936
1% increase (5.5% Part A, 6.4% Part B)	314,421

Amortization of Deferred Outflows and Deferred Inflows of Resources

As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred outflows and inflows relating to differences between projected and actual earnings on plan investments are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate comprehensive annual financial report on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2021, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 42,639,960	\$ 11,195,657	\$ 2,163,797	\$ 9,269,521
CalPERS (Schools Pool Plan)	20,772,442	3,730,323	99,779	4,236,240
Total	<u>\$ 63,412,402</u>	<u>\$ 14,925,980</u>	<u>\$ 2,263,576</u>	<u>\$ 13,505,761</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement 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:

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0% - 2.4%	2.0% - 2.4%
Required Employee Contribution Rate	10.250%	10.205%
Required Employer Contribution Rate	16.150%	16.150%
Required State Contribution Rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution 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. The contribution rates for each plan for the year ended June 30, 2021 are presented above and the total District contributions were \$4,146,369.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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:

	Balance June 30, 2021
District Proportionate Share of the Net Pension Liability	\$ 42,639,960
State's Proportionate Share of the Net Pension Liability Associated with the District	21,980,727
Total	\$ 64,620,687

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. At June 30, 2020, the District's proportion was 0.0440% which is the same as its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$6,194,546. In addition, the District recognized revenue and corresponding expense of \$3,074,975 for contributions provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 4,146,369	\$ -
Differences Between Expected and Actual Experience	75,240	1,202,520
Changes of Assumptions	4,158,000	-
Changes in Proportion	1,803,168	961,277
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,012,880	-
Total	\$ 11,195,657	\$ 2,163,797

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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)

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 year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2020 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2022	\$ 615,909
2023	1,350,556
2024	2,086,526
2025	822,756
2026	5,564
2027	4,180
Total	\$ 4,885,491

Actuarial Methods and Assumptions

Total pension liability for STRP 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.40)

Discount Rate

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate (Continued)

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%)	\$ 64,423,040
Current Discount Rate (7.10%)	42,639,960
1% Increase (8.10%)	24,654,960

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2020, CalSTRS completed an experience study for the period starting July 1, 2015 and ending June 30, 2018. The experience study was adopted by the CalSTRS Board in January 2020. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including termination rates and service rates.

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report on the CalSTRS website. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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 5 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 5 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:

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are as presented above and the total District contributions were \$2,093,531.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$20,772,442. 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. At June 30, 2020, the District's proportion was 0.0677% which is an increase of 0.0005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$3,624,252. In addition, the District recognized revenue and corresponding expense of \$611,988 for contributions provided by the state that are not considered a special funding situation and was determined by the same proportion above. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 2,093,531	\$ -
Differences Between Expected and Actual Experience	1,030,249	-
Changes of Assumptions	76,173	-
Changes in Proportion	97,954	99,779
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	432,416	-
Total	\$ 3,730,323	\$ 99,779

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 year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2020 measurement date is 4.1 years.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2022	\$ 512,753
2023	438,624
2024	375,989
2025	209,647
Total	\$ 1,537,013

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the postretirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	50 %	5.98 %
Fixed Income	28	2.62
Real Assets	13	4.93
Private Equity	8	7.23
Liquidity	1	(0.92)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate (Continued)

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%)	\$ 29,864,174
Current Discount Rate (7.15%)	20,772,442
1% Increase (8.15%)	13,226,762

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report available on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from CalPERS.

NOTE 12 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the Monterey and San Benito Counties Liability and Property Joint Powers Authority (MSBCLPJA), the Monterey County Schools Insurance Group (MCSIG), the Monterey Educational Risk Management Authority (MERMA) public entity risk pools, and Community Human Services.

For property and liability and workers' compensation insurance, they are organized on a county basis, but not all districts in the County are members.

The District elected to become a member of MCSIG effective July 1, 2006. The District makes monthly payments to MCSIG based on the level of employee participation, annual contribution rates set by MCSIG, and in accordance with collective bargaining agreements. The JPAs arrange for and provide the respective types of insurance. Each member District pays a premium commensurate with the level of coverage requested and experience modifier. In the property and liability JPA, each member is responsible for their claims up to a maximum of \$50,000 for liability and \$50,000 for property. The member's share of claim costs is added to their premiums.

The Community Human Services is a California nonprofit corporation exempt from taxation under Internal Revenue Service Code Section 501(c)(3) and a Joint Powers Agency. The board of Directors is made up of representatives from local governmental entities comprising the JPA. The Agency, through contracts with government agencies, private grants and donations and client charges and fees, provides a variety of services including outpatient counseling and therapy for people with drug or alcohol problems, and in-house recovery center for addicted persons, and other counseling and educational programs.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 12 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES
(CONTINUED)**

Each JPA is governed by a board consisting of a representative from each member District. Each board controls the operations of its JPA independent from any influence by the members beyond their representation on the governing boards.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one board member and one alternative to each of the governing boards of MSBCLPJPA, MERMA, MCSIG, and Community Human Services JPAs.

Condensed financial information is as follows:

JPA Condensed Financial Information	MSBCLPJPA (Audited) June 30, 2019	MERMA (Audited) June 30, 2020	MCSIG (Audited) June 30, 2020	Community Human Services (Audited) June 30, 2020
Total Assets and Deferred Outflows of Resources	\$ 2,589,790	\$ 48,259,038	\$ 10,942,889	\$ 12,717,889
Total Liabilities and Deferred Inflows of Resources	1,428,951	19,266,107	15,176,477	9,569,161
Fund Balance/Net Position	1,160,839	28,992,931	(4,233,588)	3,148,728
Total Revenues	5,658,038	12,518,073	104,321,993	7,105,424
Total Expenditures	5,138,824	9,486,344	99,831,982	6,327,013

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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.

Purchase Commitments

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$521,066. Projects will be funded through Deferred Maintenance Fund and Special Reserve Fund for Capital Outlay Projects.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Potential impacts to the District associated with the COVID-19 pandemic include, but are not limited to, challenges to delivery of public education, increasing costs, disruption to cash flow associated with state apportionment deferrals and lost revenue for fee generating programs.

In response to the COVID-19 pandemic, the District has staggered employee shifts, enabled certain employees to telecommute and implemented distance learning in response to health requirements. In addition, the District has certified acceptance of CARES act funding appropriated for distribution to school districts in the 2021-22 California State Budget.

The COVID-19 pandemic is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown at this time. The District continues to actively monitor revenues, expenses and collection of receivables so that any further impacts can be anticipated.

The District does not currently expect that the COVID-19 pandemic will have a material adverse effect on the District's ability to pay general obligation bonds. The source for debt service payments is tax assessments; the County Auditor-Controller's Office has not communicated a reduction in tax levies or receipts that would negatively affect the District's ability to make debt service payments.

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the statement of activities and the beginning fund balance of the nonmajor governmental funds in the statement of revenues, expenditures, and changes in fund balances – governmental funds has been restated by \$319,698 to recognize the beginning balance of the associated student body funds previously reported as a fiduciary fund, as well as a restatement of \$101,487 to report the Hiram H. Hurd Fine Arts Trust Fund, previously reported as a fiduciary private purpose trust fund. The restatements result from the implementation of GASB Statement No. 84, *Fiduciary Activities*.

REQUIRED SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgetary Amounts - General		Actual Amounts Fund	(a) Fund Basis to GAAP	Actual Amounts GAAP Basis
	Original	Final			
REVENUES					
Local Control Funding Formula Sources	\$ 58,051,190	\$ 59,142,505	\$ 59,810,298	\$ -	\$ 59,810,298
Federal Sources	628,375	2,779,623	2,742,980	-	2,742,980
Other State Sources	2,981,160	5,686,526	4,724,348	66,786	4,791,134
Other Local Sources	2,208,058	2,053,599	1,845,788	22,836	1,868,624
Total Revenues	<u>63,868,783</u>	<u>69,662,253</u>	<u>69,123,414</u>	<u>89,622</u>	<u>69,213,036</u>
EXPENDITURES					
Certificated Salaries	25,847,595	26,209,121	26,436,840	44,037	26,480,877
Classified Salaries	10,710,255	10,917,262	11,199,962	39,317	11,239,279
Employee Benefits	15,749,201	16,078,973	15,701,505	30,101	15,731,606
Books and Supplies	3,149,753	3,746,510	2,690,749	-	2,690,749
Services and Other Operating Expenditures	6,683,147	6,830,846	5,622,354	1,047	5,623,401
Capital Outlay	315,000	263,096	248,034	-	248,034
Other Outgo	1,238,660	1,300,429	1,068,863	-	1,068,863
Total Expenditures	<u>63,693,611</u>	<u>65,346,237</u>	<u>62,968,307</u>	<u>114,502</u>	<u>63,082,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	175,172	4,316,016	6,155,107	(24,880)	6,130,227
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	-	66,024	66,024
Interfund Transfers Out	(1,449,579)	(1,147,871)	(1,177,340)	-	(1,177,340)
Total Other Financing Sources (Uses)	<u>(1,449,579)</u>	<u>(1,147,871)</u>	<u>(1,177,340)</u>	<u>66,024</u>	<u>(1,111,316)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,274,407)</u>	<u>\$ 3,168,145</u>	4,977,767	41,144	5,018,911
Fund Balance - Beginning of Year			21,988,003	2,250,022	24,238,025
FUND BALANCES - END OF YEAR			<u>\$ 26,965,770</u>	<u>\$ 2,291,166</u>	<u>\$ 29,256,936</u>

(a) amounts presented are the result of the District including activity of the Adult Education and Deferred Maintenance funds.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED
RATIOS – POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN
MEASUREMENT PERIODS ENDED JUNE 30,**

Total OPEB Liability - Retiree Health Plan	2020	2019	2018	2017
Beginning Balance	\$ 11,751,618	\$ 10,132,790	\$ 9,672,926	\$9,025,449
Changes for the Year:				
Service Cost	1,121,374	891,893	868,022	844,790
Interest Cost	419,553	391,693	373,818	321,194
Differences Between Expected and Actual Experience	-	(41,544)	-	-
Differences Between Experience Gains and Losses	6,536	(1,107,119)		
Changes in Assumptions	1,433,507	2,002,303	(242,729)	-
Changes in Benefit Terms	-	(17,879)		
Expected Benefit Payments	(656,672)	(500,519)	(539,247)	(518,507)
Net Changes	<u>2,324,298</u>	<u>1,618,828</u>	<u>459,864</u>	<u>647,477</u>
Ending Balance	<u>\$ 14,075,916</u>	<u>\$ 11,751,618</u>	<u>\$ 10,132,790</u>	<u>\$ 9,672,926</u>
Covered-Employee Payroll	\$ 34,938,167	\$ 33,495,251	\$ 32,200,000	\$30,226,640
Total OPEB Liability as a Percentage of Covered-Employee Payroll	40%	35%	31%	32%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous year to align with the measurement date of the net OPEB liability.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY – MEDICARE PREMIUM PAYMENT PLAN
MEASUREMENT PERIODS ENDED JUNE 30,**

Medicare Premium Payment Program	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.0670%	0.0680%	0.0670%	0.1430%
District's Proportionate Share of the Net OPEB Liability	\$ 283,936	\$ 253,230	\$ 256,455	\$ 601,612
District's Covered Payroll *	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a Percentage of Covered 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%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous year to align with the measurement date of the net OPEB liability.

* Plan participants are limited to retirees; therefore covered payroll is zero.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MEASUREMENT PERIODS ENDED JUNE 30,**

CalSTRS - STRP	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.0440%	0.0440%	0.0430%	0.0410%	0.0420%	0.0450%	0.0420%
District's Proportionate Share of the Net Pension Liability	\$ 42,639,960	\$ 39,739,040	\$ 39,520,010	\$ 37,916,800	\$ 33,970,020	\$ 30,295,800	\$ 24,543,540
State's Proportionate Share of the Net Pension Liability Associated with the District	21,980,727	21,680,474	22,627,165	22,431,441	19,341,374	16,023,096	14,820,598
Total	<u>\$ 64,620,687</u>	<u>\$ 61,419,514</u>	<u>\$ 62,147,175</u>	<u>\$ 60,348,241</u>	<u>\$ 53,311,394</u>	<u>\$ 46,318,896</u>	<u>\$ 39,364,138</u>
District's Covered Payroll	\$ 24,420,000	\$ 23,830,000	\$ 23,200,000	\$ 22,500,000	\$ 21,300,000	\$ 19,800,000	\$ 19,500,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175%	167%	170%	169%	159%	153%	126%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	73%	71%	69%	70%	74%	77%
CalPERS - Schools Pool Plan	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.0677%	0.0672%	0.0680%	0.0682%	0.0679%	0.0688%	0.0698%
District's Proportionate Share of the Net Pension Liability	\$ 20,772,442	\$ 19,584,937	\$ 18,130,941	\$ 16,281,140	\$ 13,410,292	\$ 10,229,629	\$ 7,924,000
District's Covered Payroll	\$ 9,760,000	\$ 9,350,000	\$ 9,000,000	\$ 8,700,000	\$ 8,200,000	\$ 7,700,000	\$ 7,300,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	213%	209%	201%	187%	164%	133%	109%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	70%	71%	72%	74%	79%	83%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
YEARS ENDED JUNE 30, 2021**

CalSTRS - STRP	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 4,146,369	\$ 4,175,681	\$ 3,879,393	\$ 3,352,531	\$ 2,841,414	\$ 2,283,231	\$ 1,765,866
Contributions in Relation to the Contractually Required Contribution	4,146,369	4,175,681	3,879,393	3,352,531	2,841,414	2,283,231	1,765,866
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 25,670,000	\$ 24,420,000	\$ 23,830,000	\$ 23,200,000	\$ 22,500,000	\$ 21,300,000	\$ 19,800,000
Contributions as a Percentage of Covered Payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Pool Plan	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,093,531	\$ 1,925,875	\$ 1,687,346	\$ 1,395,357	\$ 1,208,665	\$ 965,841	\$ 904,438
Contributions in Relation to the Contractually Required Contribution	2,093,531	1,925,875	1,687,346	1,395,357	1,208,665	965,841	904,438
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,114,000	\$ 9,760,000	\$ 9,350,000	\$ 9,000,000	\$ 8,700,000	\$ 8,200,000	\$ 7,700,000
Contributions as a Percentage of Covered Payroll	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison for the General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal yearend, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedule of Changes in the Total OPEB Liability and Related Ratios – Postemployment Healthcare Benefits Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the postemployment healthcare benefits plan. As of June 30, 2021, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

Benefit Changes – None

Changes of Assumptions:

2020-21

The discount rate and expected rate of return on assets was changed from 3.5% to 2.2%.

2019-20

The discount rate and expected rate of return on assets was changed from 3.8% to 3.5%.

Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2020-21

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates. CalSTRS also applied a new discount rate decreasing the rate from 3.50% to 2.21%.

2019-20

CalSTRS applied a new discount rate decreasing the rate from 3.87% to 3.50%.

2018-19

CalSTRS applied a new discount rate increasing the rate from 3.58% to 3.87%.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The 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, 10 years of information will be presented.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund:

	<u>Excess of Expenditures Over Appropriations</u>
Certificated Salaries	\$ 227,719
Classified Salaries	282,700

SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2021**

Carmel Unified School District was established on July 1, 1939 and is comprised of 594 square miles. There are four distinctive population centers within the boundaries of the District: Carmel-by-the-Sea, Carmel Valley, Pebble Beach, and Big Sur. The District operates three elementary schools, one middle school, one high school, one alternative high school, and a regional occupational program on the traditional August through June schedule. The District also operates two pre-schools and an adult education program on an extended year basis.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2021 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Sara Hinds	Board President	December 2022
Tess Arthur	Board Clerk	December 2022
Seaberry Nachbar	Board Member	December 2024
Karl Pallastrini	Board Member	December 2024
Ann Marie Rosen	Board Member	December 2024

DISTRICT ADMINISTRATORS

Trisha Dellis	Interim Superintendent
Yvonne Perez	Chief Business Official
Blaise DiGirolamo	Chief Academic Officer
Paul Behan	Chief Technology Officer
Craig Chavez	Chief Human Resource Officer
Steve Gonzalez, Ed. D.	Director of Special Education

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021**

Grade Level	Number of Days Traditional Calendar	Status
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
United States Department of Agriculture				
Pass-Through Program From California Department of Education:				
Child Nutrition Cluster:				
Basic Breakfast Program	10.553	13525	\$ 308,575	\$ -
Seamless Summer Feeding Option (SSFO)	10.555	(1)	576,649	-
Commodities	10.555	(1)	45,361	-
Total: Child Nutrition Cluster			<u>930,585</u>	<u>-</u>
Total: United States Department of Agriculture			930,585	-
United States Department of Education				
Pass-Through Program From California Department of Education:				
Special Education Cluster (IDEA):				
Special Education - IDEA Basic Local Assistance Entitlement	84.027	13379	376,464	-
Special Education - IDEA Basic Local Assistance Private Schools	84.027	10115	4,736	-
Grants to States (IDEA, Part B) - Preschool Grants	84.173	13430	4,162	-
Preschool Staff Development	84.173A	13431	54	-
Grants to States (IDEA, Part B) - Preschool Capacity Building	84.173	13839	3,264	-
Total: Special Education Cluster			<u>388,680</u>	<u>-</u>
Every Student Succeeds Act:				
Title I - Basic Grants	84.010	14329	298,658	-
Title II - Supporting Effective Instruction	84.367	14341	68,751	-
Title IV - Student Support and Academic Enrichment	84.424	15396	2,910	-
Vocational Programs	84.048	14894	13,604	-
COVID-19 Education Stabilization Fund (ESF)				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	150,462	-
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	976,547	-
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	112,703	-
COVID-19 Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425D	15535	77,841	-
Subtotal: COVID-19 Education Stabilization Fund (ESF)			<u>1,317,553</u>	<u>-</u>
Total: United States Department of Education			<u>2,090,156</u>	<u>-</u>

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
United States Department of Treasury				
Pass-Through Program From California Department of Education:				
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	\$ 722,315	\$ -
Total: United States Department of Treasury			<u>722,315</u>	<u>-</u>
United States Department of Health and Human Services				
Pass-Through Program From California Department of Education:				
Medicaid Cluster:				
Medi-Cal Billing Option	93.778	10013	7,673	-
Subtotal Medicaid Cluster			<u>7,673</u>	<u>-</u>
Total: United States Department of Health and Human Services			<u>7,673</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,750,729</u>	<u>\$ -</u>
Reconciliation to Federal Revenue				
Total Federal Program Expenditures			\$ 3,750,729	\$ -
Revenues in Excess of Expenditures Related to Federal Entitlements:				
Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) One-Time Stipend			14,458	-
Total Federal Program Revenue			<u>\$ 3,765,187</u>	<u>\$ -</u>

(1) Pass-Through Entity Identifying Number not readily available or not applicable

The District is the recipient of a federal program that does not result in cash receipts or disbursements. The District was granted \$45,361 of commodities under the National School Lunch Program (CFDA 10.555).

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

	2022 (Budgeted)	2021	2020	2019
Total Revenues	\$ 67,900,418	\$ 69,123,414	\$ 63,588,438	\$ 62,304,199
Total Expenditures	(66,119,927)	(62,968,307)	(57,636,917)	(57,878,999)
Total Other Sources and Uses	<u>(1,829,558)</u>	<u>(1,177,340)</u>	<u>(5,264,516)</u>	<u>(1,181,367)</u>
Change in Fund Balance	(49,067)	4,977,767	687,005	3,243,833
Ending Fund Balance	<u>\$ 26,916,703</u>	<u>\$ 26,965,770</u>	<u>\$ 21,988,003</u>	<u>\$ 21,300,998</u>
Available Reserve	<u>\$ 3,397,474</u>	<u>\$ 3,207,283</u>	<u>\$ 3,145,072</u>	<u>\$ 2,925,577</u>
Available Reserve Percentage	5.0%	5.0%	5.0%	5.0%
ADA	2,237	2,385	2,385	2,358
Total Long-Term Debt	<u>\$ 39,598,985</u>	<u>\$ 42,581,151</u>	<u>\$ 42,873,562</u>	<u>\$ 42,996,317</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends 3% of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2021, the District has met this requirement.

All percentages are of total expenditures.

Long-term debt is reported for the district as a whole and includes debt related to all funds, excluding the net pension liability.

The 2022 budget is the original budget adopted in June 23, 2021.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2021**

The District is not the granting agency for any Charter Schools.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

There were no differences between the fund balances reported on the June 30, 2021 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, with the exception of Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Payments to Subrecipients

The District did not make any payments to subrecipients.

Schedule of Financial Trends and Analysis

The *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if the District has met the recommended available reserve percentages.

Schedule of Charter Schools

The *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash in County Treasury	\$ -	\$ (523,541)	\$ (243,420)	\$ 102,362	\$ 204,959	\$ 3,233,274	\$ 3,028,315	\$ 5,801,949
Cash in Banks	252,560	-	135	-	-	-	-	252,695
Cash Collections Awaiting Deposit	40	-	142,861	-	1,521	-	-	144,422
Accounts Receivable	-	-	36,356	278	477	10,220	-	47,331
Due from Other Funds	-	634,135	84,509	-	-	-	-	718,644
Stores	17,948	-	19,268	-	-	-	-	37,216
Prepaid Expenditures	-	175	-	-	-	-	-	175
Total Assets	<u>\$ 270,548</u>	<u>\$ 110,769</u>	<u>\$ 39,709</u>	<u>\$ 102,640</u>	<u>\$ 206,957</u>	<u>\$ 3,243,494</u>	<u>\$ 3,028,315</u>	<u>\$ 7,002,432</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable and Other								
Current Liabilities	\$ -	\$ 1,227	\$ 20,441	\$ -	\$ -	\$ 69,516	\$ -	\$ 91,184
Due to Other Funds	-	76,009	-	1,153	-	5,857	-	83,019
Unearned Revenue	-	6,020	-	-	-	-	-	6,020
Total Liabilities	<u>-</u>	<u>83,256</u>	<u>20,441</u>	<u>1,153</u>	<u>-</u>	<u>75,373</u>	<u>-</u>	<u>180,223</u>
Fund Balances:								
Nonspendable	17,948	175	19,268	-	-	-	-	37,391
Restricted	252,600	27,338	-	101,487	206,957	-	3,028,315	3,616,697
Assigned	-	-	-	-	-	3,168,121	-	3,168,121
Total Fund Balances	<u>270,548</u>	<u>27,513</u>	<u>19,268</u>	<u>101,487</u>	<u>206,957</u>	<u>3,168,121</u>	<u>3,028,315</u>	<u>6,822,209</u>
Total Liabilities and Fund Balances	<u>\$ 270,548</u>	<u>\$ 110,769</u>	<u>\$ 39,709</u>	<u>\$ 102,640</u>	<u>\$ 206,957</u>	<u>\$ 3,243,494</u>	<u>\$ 3,028,315</u>	<u>\$ 7,002,432</u>

See accompanying Note to Optional Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES								
Federal Sources	\$ -	\$ 13,781	\$ 1,008,426	\$ -	\$ -	\$ -	\$ -	\$ 1,022,207
Other State Sources	-	290,334	77,830	-	-	-	5,106	373,270
Other Local Sources	15,492	548,864	(1,755)	1,153	57,197	40,815	3,111,373	3,773,139
Total Revenues	<u>15,492</u>	<u>852,979</u>	<u>1,084,501</u>	<u>1,153</u>	<u>57,197</u>	<u>40,815</u>	<u>3,116,479</u>	<u>5,168,616</u>
EXPENDITURES								
Instruction	-	729,592	-	-	-	-	-	729,592
Instruction - Related Services	-	355,704	-	-	-	-	-	355,704
Pupil Services	-	18,199	1,323,106	-	-	-	-	1,341,305
Ancillary Services	64,642	-	-	-	-	-	-	64,642
Community Services	-	83,923	-	-	-	-	-	83,923
Plant Services	-	-	-	-	-	607,521	-	607,521
Other Outgo	-	-	-	1,153	-	-	-	1,153
Debt Service	-	-	-	-	-	-	2,937,153	2,937,153
Total Expenditures	<u>64,642</u>	<u>1,187,418</u>	<u>1,323,106</u>	<u>1,153</u>	<u>-</u>	<u>607,521</u>	<u>2,937,153</u>	<u>6,120,993</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(49,150)</u>	<u>(334,439)</u>	<u>(238,605)</u>	<u>-</u>	<u>57,197</u>	<u>(566,706)</u>	<u>179,326</u>	<u>(952,377)</u>
OTHER FINANCING SOURCES								
Interfund Transfers In	-	348,468	235,682	-	-	-	-	584,150
Total Other Financing Sources	<u>-</u>	<u>348,468</u>	<u>235,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,150</u>
NET CHANGES IN FUND BALANCE	<u>(49,150)</u>	<u>14,029</u>	<u>(2,923)</u>	<u>-</u>	<u>57,197</u>	<u>(566,706)</u>	<u>179,326</u>	<u>(368,227)</u>
Fund Balances - Beginning of Year, As Originally Stated	-	13,484	22,191	-	149,760	3,734,827	2,848,989	6,769,251
Adjustment For Cumulative Effect of Change in Accounting Principle (Note 14)	319,698	-	-	101,487	-	-	-	421,185
Fund Balances - Beginning of Year, As Restated	<u>319,698</u>	<u>13,484</u>	<u>22,191</u>	<u>101,487</u>	<u>149,760</u>	<u>3,734,827</u>	<u>2,848,989</u>	<u>7,190,436</u>
FUND BALANCES - END OF YEAR	<u>\$ 270,548</u>	<u>\$ 27,513</u>	<u>\$ 19,268</u>	<u>\$ 101,487</u>	<u>\$ 206,957</u>	<u>\$ 3,168,121</u>	<u>\$ 3,028,315</u>	<u>\$ 6,822,209</u>

See accompanying Note to Optional Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO OPTIONAL SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 PURPOSE OF SCHEDULES

Combining Fund Financial Statements

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

OTHER INDEPENDENT AUDITORS' REPORTS



**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 Education
Carmel Unified School District
Carmel, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Carmel Unified School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
January 14, 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 Education
Carmel Unified School District
Carmel, California

Report on Compliance for Each Major Federal Program

We have audited Carmel Unified School District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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 the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 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, 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.



CliftonLarsonAllen LLP

Glendora, California
January 14, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Carmel Unified School District
Carmel, California

We have audited the Carmel Unified School District's (the District) 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*, published by the Education Audit Appeals Panel for the year ended June 30, 2021. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. 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*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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
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	No ¹
Attendance	No ¹
Mode of Instruction	No ¹
Nonclassroom Based Instruction/Independent Study	No ¹
Determination of Funding for Nonclassroom Based Instruction	No ¹
Charter School Facility Grant Program	No ¹

¹The District is not the granting agency for any Charter Schools.

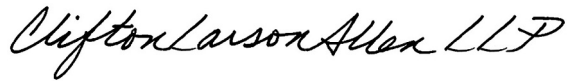
Board of Education
Carmel Unified School District

Opinion on State Compliance

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

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
January 14, 2022

FINDINGS AND QUESTIONED COSTS

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes none reported
3. Noncompliance material to financial statements noted? _____ yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a)? _____ yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund (CRF)
84.425C and 84.425D	COVID-19 Education Stabilization Fund (ESF)

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? _____ yes _____ no

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

All audit findings must be identified as one or more of the following 12 categories:

<u>Five Digit Code</u>	<u>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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
JUNE 30, 2021**

Section IV – Findings and Questioned Costs – State Compliance

There were no findings and questioned costs related to state awards for the year ended June 30, 2021.

**CARMEL UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

There were no findings and questioned costs related to the basic financial statements, federal awards, or state awards for the prior year.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

