

**CARMEL UNIFIED SCHOOL DISTRICT
MONTEREY COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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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, each 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of 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 in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

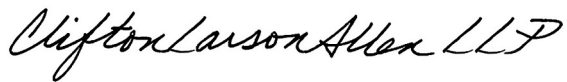
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules, combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by *Title 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 Average Daily Attendance (ADA), 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 November 23, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Glendora, California
November 23, 2020

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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 2,483 students from transitional kindergarten through twelfth grade. During the 2019-20 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 operated two pre-schools and an adult education program on an extended year basis. These two programs typically operate on an extended year basis, but due to the COVID-19 Pandemic the programs were not extended into the summer months.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- * This comprehensive annual financial report consists of a series of financial statements and notes to those statements. 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 \$(3,342,234) derived by reducing total assets and deferred outflows of \$108,524,388, by liabilities and deferred inflows of \$111,866,622. This represents a decrease of \$1,293,471 in total net position over the prior year.
- * The General Fund reported a positive fund balance of \$24,238,025, a net increase of \$1,564,224 over the prior fiscal year. The increase in fund balance was a result primarily of higher tax revenues. 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 formula. At June 30, 2020, the Basis Aid reserve was 17%.
- * The Special Reserve for Capital Outlay Fund reported a positive fund balance of \$3,734,827. This balance increased by \$1,411,325 from the prior year primarily as a result of transfers into the Capital Outlay Fund from the General Fund for capital improvement projects. The fund's positive ending balance has been assigned by the Board of Education to capital improvement projects throughout the district.

CARMEL UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

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.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The Fiduciary Fund Category includes Trust and Agency Funds. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body Funds and a Foundation Trust Fund for fine arts.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The Carmel Unified School District is the trustee, or fiduciary, for its student activity funds. All school District fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The Carmel Unified School District is responsible for ensuring the assets reported in these funds are used for their intended purpose.

STATEMENT OF NET POSITION

The District's net position was \$(3,342,234) for the Fiscal Year Ended June 30, 2020 and \$(2,048,763) for the fiscal year ended June 30, 2019. This represents a decrease of \$1,293,471 in net position over the prior fiscal period. This decrease in net position is largely a result of changes in liabilities tied to accounting principles for employee retirement benefits and the district's liability associated with state pension programs (See Note 8, 10 and 11 to the financial statements). An additional factor in the overall reduction in the district's net position was the decrease of capital assets, net through normal depreciation.

	2020	2019	Variance
Assets			
Cash	\$ 33,290,819	\$ 30,361,225	\$ 2,929,594
Accounts Receivable	1,429,213	788,960	640,253
Due from Fiduciary Fund	2,673	2,264	409
Stores Inventory	22,191	3,928	18,263
Prepaid Expenditures	-	19,804	(19,804)
Capital Assets, Net	51,673,905	53,569,540	(1,895,635)
Total Assets	86,418,801	84,745,721	1,673,080
Deferred Outflows of Resources			
Deferred Charge on Refunding	2,614,188	2,847,780	(233,592)
Deferred Outflows - Pension and OPEB	18,356,551	17,793,619	562,932
Deferred Outflows of Resources	20,970,739	20,641,399	329,340
Liabilities			
Other Liabilities	2,933,497	2,579,017	354,480
Long-Term Debt Outstanding	102,197,539	100,647,268	1,550,271
Total Liabilities	105,131,036	103,226,285	1,904,751
Deferred Inflows of Resources			
Deferred Inflows - Pension and OPEB	5,600,738	4,209,598	1,391,140
Deferred Inflows of Resources	5,600,738	4,209,598	1,391,140
Net Position			
Net Investment in Capital Assets	28,921,104	28,775,185	145,919
Restricted	4,729,909	4,123,318	606,591
Unrestricted	(36,993,247)	(34,947,266)	(2,045,981)
Total Net Position	\$ (3,342,234)	\$ (2,048,763)	\$ (1,293,471)

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

- * Cash with the District is invested with the Monterey County Treasury. The increase in cash position between fiscal years 2019 and 2020 is primarily a result of property tax receipts.
- * Accounts receivable are mainly amounts due from State and Federal government sources for the operation of categorical programs.
- * The value of Capital Assets in the district decreased by approximately \$1.8 million over the prior year due to the net effect of capital asset additions less annual depreciation.
- * The increase of approximately \$2.0 million in the liabilities category is primarily the result of accounting standards from the Governmental Accounting Standards Board (GASB). There was a \$3.2 million increase in "long-term debt outstanding" as a result of a requirement that the district reflect its pension liability for employees eligible for retirement benefits through either the State Teachers Retirement or the Public Employees Retirement System and its OPEB liability for the future cost of health and welfare benefits for retirees. This netted against the repayment of bonded debt of \$1.7 million.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATEMENT OF ACTIVITIES

Statement of Activities presents the revenues earned, whether received or not and the expenses incurred, whether paid or not, by the District. The purpose of this Statement is to present the results of this year's operations for the District as a whole.

The Statement of Activities is summarized below:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 432,394	\$ 556,739	\$ (124,345)
Operating Grants and Contributions	6,153,103	6,452,537	(299,434)
General Revenues:			
Property Taxes	57,303,741	54,808,854	2,494,887
Federal and State Aid Not Restricted to Specific Purposes	2,748,025	3,060,039	(312,014)
Interest and Investment Earnings	684,740	544,317	140,423
Other	1,604,623	1,828,979	(224,356)
Total Revenues	<u>68,926,626</u>	<u>67,251,465</u>	<u>1,675,161</u>
Expenses			
Instruction	\$37,325,501	36,348,490	977,011
Instruction - Related Services	7,798,279	7,494,722	303,557
Pupil Services	6,325,259	5,989,170	336,089
Ancillary Services	876,025	803,743	72,282
Community Services	452,517	452,263	254
General Administration	5,150,491	4,764,058	386,433
Plant Services	6,789,108	7,040,963	(251,855)
Other Outgo	1,003,074	979,146	23,928
Debt Service - Interest	1,273,857	1,255,174	18,683
Depreciation (Unallocated)	3,225,986	3,208,886	17,100
Total Expenses	<u>70,220,097</u>	<u>68,336,615</u>	<u>1,883,482</u>
Decrease in Net Position	(1,293,471)	(1,085,150)	(208,321)
Net Position - Beginning of Year	<u>(2,048,763)</u>	<u>(963,613)</u>	<u>(1,085,150)</u>
Net Position - End of Year	<u><u>\$ (3,342,234)</u></u>	<u><u>\$ (2,048,763)</u></u>	<u><u>\$ (1,293,471)</u></u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total revenues at June 30, 2020 are approximately \$1.7 million more than in 2019. This is largely the result of increases in local property tax income. Expenses increased approximately \$1.9 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.

The information in the following table shows the District's nine (9) largest functions and their respective net costs (total cost less revenues generated by the activities) for the fiscal year ended June 30, 2020.

Functions/Programs	Total Cost of Services	Net Cost of Services
Governmental Activities:		
Instruction	\$ 37,325,501	\$ 32,702,075
Instruction - Related Services	7,798,279	7,293,733
Pupil Services	6,325,259	5,288,470
Ancillary Services	876,025	847,512
Community Services	452,517	443,554
General Administration	5,150,491	5,060,077
Plant Services	6,789,108	6,682,920
Other Outgo	1,003,074	816,416
Debt Service - Interest	1,273,857	1,273,857
Depreciation (Unallocated)	3,225,986	3,225,986
Total Governmental Activities	<u>\$ 70,220,097</u>	<u>\$ 63,634,600</u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENTAL FUNDS

The General Fund and the Special Reserve for Capital Outlay funds, for reporting purposes, are major funds and are stated separately from those funds included under the title "non-major governmental funds" (see page 78 and 79 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 62 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 2019-20 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 \$982 increase toward the health benefit cap, effective January 1, 2020, 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 2019-20 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, 2020

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, 2020 the District had \$51,673,905 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	687,260
Depreciable Assets, Net	46,861,991
Total Capital Assets	<u>\$ 51,673,905</u>

The total net capital assets balance decreased approximately \$1.9 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	\$ 30,547,502
Compensated Absences	321,212
Net OPEB Liability	12,004,848
Net Pension Liability	59,323,977
Net Long-Term Debt	<u>\$ 102,197,539</u>

The long-term debt balance was approximately \$100.6 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 2020-21 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.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

- 3) Certificated staffing levels were based on enrollment projections for each school site.
- 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 revenue limit and property tax income.
- 5) The COVID-19 Pandemic has created a public health crisis and economic crisis affecting all aspects of education including funding uncertainty. As a result, the district is proceeding cautiously in its financial

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. If you have questions about this report or need additional financial information, contact:

Yvonne Perez, Chief Business Official
Carmel Unified School District
P.O. Box 222700
Carmel, CA 93922

E-mail - yperez@carmelunified.org

FINANCIAL SECTION

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 32,801,451
Cash in Banks	1,121
Cash in Revolving Fund	5,000
Cash Collections Awaiting Deposit	483,247
Accounts Receivable	1,429,213
Due from Fiduciary Fund	2,673
Inventories	22,191
Land	4,023,454
Art Collection	101,200
Construction in Progress	687,260
Depreciable Assets, Net	46,861,991
Total Assets	<u>86,418,801</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	2,614,188
Deferred Outflows - OPEB	2,302,591
Deferred Outflows - Pensions	16,053,960
Total Deferred Outflows of Resources	<u>20,970,739</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	2,146,215
Amounts Held For Others	351,774
Accrued Interest	303,823
Unearned Revenue	131,685
Current Portion of Long-Term Liabilities:	
General Obligation Bonds	2,260,000
Net Other Postemployment Benefits Liability	536,926
Noncurrent Portion of Long-Term Liabilities:	
General Obligation Bonds	28,287,502
Compensated Absences	321,212
Net Other Postemployment Benefits Liability	11,467,922
Net Pension Liability	59,323,977
Total Liabilities	<u>105,131,036</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - OPEB	1,228,931
Deferred Inflows - Pensions	4,371,807
	<u>5,600,738</u>
NET POSITION	
Net Investment in Capital Assets	28,921,104
Restricted for:	
Capital Improvements	149,760
Debt Service	2,545,166
Educational Programs	927,037
Self-Insurance Programs	1,107,946
Unrestricted	(36,993,247)
Total Net Position	<u>\$ (3,342,234)</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 37,325,501	\$ 50,318	\$ 4,573,108	\$ (32,702,075)
Instruction - Related Services	7,798,279	1,975	502,571	(7,293,733)
Pupil Services	6,325,259	374,570	662,219	(5,288,470)
Ancillary Services	876,025		28,513	(847,512)
Community Services	452,517	30	8,933	(443,554)
General Administration	5,150,491		90,414	(5,060,077)
Plant Services	6,789,108	5,501	100,687	(6,682,920)
Other Outgo	1,003,074		186,658	(816,416)
Debt Service - Interest	1,273,857			(1,273,857)
Depreciation (Unallocated)	3,225,986			(3,225,986)
Total Governmental Activities	<u>\$ 70,220,097</u>	<u>\$ 432,394</u>	<u>\$ 6,153,103</u>	<u>(63,634,600)</u>
GENERAL REVENUES				
Property Taxes Levied for:				
General Purposes				54,353,307
Debt Service				2,950,434
Federal and state aid not Restricted to Specific Purposes				2,748,025
Interest and Investment Earnings				684,740
Miscellaneous				1,604,623
Total General Revenues				<u>62,341,129</u>
CHANGE IN NET POSITION				(1,293,471)
Net Position - Beginning of Year				<u>(2,048,763)</u>
NET POSITION - END OF YEAR				<u>\$ (3,342,234)</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash in County Treasury	\$ 26,205,242	\$ 4,166,907	\$ 1,862,849	\$ 32,234,998
Cash in Banks			1,121	1,121
Cash in Revolving Fund	5,000			5,000
Collections Awaiting Deposit	381,352		101,895	483,247
Accounts Receivable	1,270,755	15,030	139,443	1,425,228
Due from Other Funds	2,673		944,542	947,215
Inventories			22,191	22,191
Total Assets	<u>\$ 27,865,022</u>	<u>\$ 4,181,937</u>	<u>\$ 3,072,041</u>	<u>\$ 35,119,000</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Other Current Liabilities	2,024,492	95,336	26,387	2,146,215
Amounts Held For Others	-	351,774	-	351,774
Due to Other Funds	1,482,050			1,482,050
Unearned Revenue	120,455		11,230	131,685
Total Liabilities	<u>3,626,997</u>	<u>447,110</u>	<u>37,617</u>	<u>4,111,724</u>
Fund Balances:				
Nonspendable	5,000		22,191	27,191
Restricted	891,362		3,012,233	3,903,595
Assigned	20,196,591	3,734,827		23,931,418
Unassigned	3,145,072			3,145,072
Total Fund Balances	<u>24,238,025</u>	<u>3,734,827</u>	<u>3,034,424</u>	<u>31,007,276</u>
Total Liabilities and Fund Balances	<u>\$ 27,865,022</u>	<u>\$ 4,181,937</u>	<u>\$ 3,072,041</u>	<u>\$ 35,119,000</u>

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, 2020**

Total Fund Balances - Governmental Funds \$ 31,007,276

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	687,260	
Depreciable Assets, Net	46,861,991	51,673,905

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	(30,547,502)	
Compensated Absences	(321,212)	
Other Postemployment Benefits Other than Pensions (OPEB)	(12,004,848)	
Net Pension Liability	(59,323,977)	(102,197,539)

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	2,614,188	
Deferred Outflows - OPEB	2,302,591	
Deferred Inflows - OPEB	(1,228,931)	
Deferred Outflows - Pensions	16,053,960	
Deferred Inflows - Pensions	(4,371,807)	15,370,001

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:

Assets		1,107,946
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Interest expense related to general obligation bonds payable was incurred but not accrued through June 30, 2019.

(303,823)

Total Net Position - Governmental Activities

\$ (3,342,234)

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, 2020**

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula Sources	\$ 56,498,719	\$	\$	\$ 56,498,719
Federal Sources	612,732		356,871	969,603
Other State Sources	4,191,460		362,377	4,553,837
Other Local Sources	2,440,621	60,872	4,402,977	6,904,470
Total Revenues	<u>63,743,532</u>	<u>60,872</u>	<u>5,122,225</u>	<u>68,926,629</u>
EXPENDITURES				
Instruction	33,484,705		1,135,363	34,620,068
Instruction - Related Services	6,891,621		335,221	7,226,842
Pupil Services	4,735,627		1,151,845	5,887,472
Ancillary Services	867,180			867,180
Community Services	25,734		402,244	427,978
General Administration	4,816,037			4,816,037
Plant Services	6,278,725	1,250,804	20,664	7,550,193
Other Outgo	1,003,074			1,003,074
Debt Service	-		2,823,389	2,823,389
Total Expenditures	<u>58,102,703</u>	<u>1,250,804</u>	<u>5,868,726</u>	<u>65,222,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,640,829</u>	<u>(1,189,932)</u>	<u>(746,501)</u>	<u>3,704,396</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In		2,601,257	938,422	3,539,679
Interfund Transfers Out	(4,076,605)			(4,076,605)
Total Other Financing Sources (Uses)	<u>(4,076,605)</u>	<u>2,601,257</u>	<u>938,422</u>	<u>(536,926)</u>
NET CHANGES IN FUND BALANCE	1,564,224	1,411,325	191,921	3,167,470
FUND BALANCES				
Fund Balances - Beginning of Year	<u>22,673,801</u>	<u>2,323,502</u>	<u>2,842,503</u>	<u>27,839,806</u>
Fund Balances - End of Year	<u>\$ 24,238,025</u>	<u>\$ 3,734,827</u>	<u>\$ 3,034,424</u>	<u>\$ 31,007,276</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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 3,167,470

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	\$ 1,330,351	
Depreciation Expense	(3,225,986)	
Excess of Depreciation Over Capital Outlay		(1,895,635)

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	2,060,000	
Net Change in Premium on General Obligation Bonds	215,146	
Net Change in Deferred Charges on General Obligation Bonds	(233,592)	
Total Long-Term Debt Payments		2,041,554

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	(3,293,307)	
OPEB Costs	(823,530)	
		(4,116,837)

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	29,020	
Net Increase in Accreted Interest	(521,042)	
Net Increase in Compensated Absences	(15,746)	
		(507,768)

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.

	17,745	
Change in Net Position of Governmental Activities		\$ (1,293,471)

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

		Governmental Activities: Internal Service Fund
		<u>Retiree</u>
		<u>Benefits Fund</u>
ASSETS		
Cash in County Treasury	\$	566,453
Accounts Receivable		3,985
Due from Other Funds		<u>537,508</u>
Total Assets		<u>1,107,946</u>
NET POSITION		
Restricted		<u>1,107,946</u>
Total Net Position	\$	<u><u>1,107,946</u></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, 2020**

	Governmental Activities: Internal Service Fund
	<u>Retiree Benefits Fund</u>
OPERATING EXPENDITURES	
Employee Benefits	\$ 536,926
Total Operating Expenditures	<u>536,926</u>
NET OPERATING LOSS	<u>(536,926)</u>
NONOPERATING REVENUES	
Interest Income	17,745
Interfund Transfer In	<u>536,926</u>
Total Nonoperating Revenues	<u>554,671</u>
NET INCOME	17,745
Net Position - Beginning of Year	<u>1,090,201</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,107,946</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	Governmental Activities: Internal Service Fund
	<u>Retiree Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Paid for Retiree Benefit Insurance	\$ (536,926)
Net Cash Used by Operating Activities	<u>(536,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>16,705</u>
Net Cash Provided by Investing Activities	<u>16,705</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund cash flows between General Fund and Retiree Benefits Fund	<u>542,522</u>
Net Cash Provided by Noncapital Activities	<u>542,522</u>
NET INCREASE IN CASH	22,301
Cash - July 1, 2019	<u>544,152</u>
CASH - JUNE 30, 2020	<u><u>\$ 566,453</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
OPERATING LOSS	<u>\$ (536,926)</u>
Net Cash Used by Operating Activities	<u><u>\$ (536,926)</u></u>
Cash Balances at June 30, 2020 Consisted of the Following:	
Cash in County Treasury	<u>\$ 566,453</u>
Total Cash	<u><u>\$ 566,453</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Foundation Private Purpose Trust Fund	Associated Student Body Funds
ASSETS		
Cash in County Treasury	\$ 103,489	\$
Cash on Hand and in Banks		309,150
Accounts Receivable	671	
Stores Inventory		10,547
Total Assets	<u>104,160</u>	<u>\$ 319,697</u>
LIABILITIES		
Due to General Fund	2,673	\$
Due to Student Groups		319,697
Total Liabilities	<u>2,673</u>	<u>\$ 319,697</u>
NET POSITION		
Restricted	101,487	
Total Net Position	<u>\$ 101,487</u>	

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	Foundation Private Purpose Trust Fund
ADDITIONS	
Revenue from Local Sources	\$ 2,673
Total Additions	<u>2,673</u>
DEDUCTIONS	
Other Expenses	<u>2,673</u>
Total Deductions	<u>2,673</u>
CHANGES IN NET POSITION	-
Net Position - Beginning of Year	<u>101,487</u>
NET POSITION - END OF YEAR	<u><u>\$ 101,487</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 generally accepted accounting principles (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. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

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. Fiduciary funds are excluded.

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, 2020**

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 fiduciary and 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 and fiduciary 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, 2020**

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.

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

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.

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.

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.

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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fiduciary Funds

Foundation Private Purpose Trust Fund: Any amounts earned above the principal amount of \$100,000 may be used for fine arts related purposes.

Associated Student Body Funds: Used to account for raising and expending money to promote the general welfare, morale and educational experiences of the student body. The District operates two Associated Student Body funds.

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.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Inventories

Inventories are presented at the lower of cost or market on a weighted average basis and are expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2020, the inventory in the Cafeteria Fund for food is \$22,191.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2020 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 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 of Resources

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Deferred Outflows of Resources (Continued)

Deferred Outflows – 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. The deferred outflows of resources related to OPEB will be deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows – Pensions: The deferred outflows 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 other District 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 using straight-line method. Debt is reported net of the applicable premium or discount.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (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.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period.

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits results from changes in assumptions. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Inflows – Pensions: The deferred inflows of resources related to pensions resulted from 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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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, 2020.

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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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 in the Government-wide financial statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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. On-behalf payments of \$3,026,066 made to STRS on behalf of the district have been recorded in the fund financial statements.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

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 food service sales, federal and most state and local grants and contracts, and 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 generally accepted accounting principles 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.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Education.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been excluded from the District's reporting entity:

Friends of Carmel Unified Schools: A California nonprofit Corporation and Public Education Foundation (established 1979); supports quality education within the Carmel Unified School District. The Foundation raises money for the purpose of providing grants and resources to benefit students, teachers, and the educational community as a whole.

Carmel High School Foundation: A California public benefit corporation (established 2004); supports academic excellence and the educational pursuits of its students through grants, fundraising and public campaigns. Their mission is to advance the educational experience of Carmel High School students by raising funds for student scholarships, special academic programs and other educational opportunities.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Various PTA, PTO, Foundations, and Booster Clubs: Each of these types of organizations at each of the school sites within the District were evaluated using the three criteria listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO, Foundations, and the Booster Club individually are not significant to the District.

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.

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, 2020, \$212,256 of the District's bank balance of \$712,256 was exposed to credit risk as follows:

District's Bank Balance	June 30, 2020
Uninsured and Collateral Held by Pledging Bank's Trust Department not in the District's Name.	<u>\$ 212,256</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits (Continued)

Cash in County

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, 2020 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 – Overdraft

At June 30, 2020, Cash in County overdrafts reported the combining non-major balance sheet occurred in the Child Development Fund (\$603,759) and the Cafeteria Fund (\$531,089), 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 accounts increased significantly for the year ending June 30, 2020, due to the additional expenses incurred for these programs related to COVID-19.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 consists of the following:

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Accounts Receivable						
Federal and State	\$ 944,565	\$	\$ 138,657	\$ 1,083,222	\$	\$ 1,083,222
Miscellaneous	326,190	15,030	786	342,006	3,985	345,991
Total Accounts Receivable	<u>\$ 1,270,755</u>	<u>\$ 15,030</u>	<u>\$ 139,443</u>	<u>\$ 1,425,228</u>	<u>\$ 3,985</u>	<u>\$ 1,429,213</u>
						Fiduciary Fund Foundation
Accounts Receivable						\$
Federal and State						
Miscellaneous						671
Total Accounts Receivable						<u>\$ 671</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 2,673	\$ 1,482,050
Nonmajor Governmental Funds:		
Child Development Fund	564,805	-
Cafeteria Fund	379,737	-
Proprietary Funds:		
Retiree Benefits Fund	537,508	-
Fiduciary Funds:		
Foundation Private Purpose Trust Fund	-	2,673
Total	<u>\$ 1,484,723</u>	<u>\$ 1,484,723</u>

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, 2020 are as follows:

Transfer from the General Fund to the Adult Education Fund to Support Administrative Functions	\$ 94,293
Transfer from the General Fund to the Child Development Fund for Board Approved Supplement of Employee Discounts and Other Program Tuition Differentials	558,685
Transfer from the General Fund to the Cafeteria Fund to Support Nutritional Services for Students	379,737
Transfer from the General Fund to the Deferred Maintenance Fund for Site Deferred Maintenance Projects	1,093,618
Transfer from the General Fund to the Special Reserve Fund for Future Capital Outlay Projects Determined by the Board of Education	2,601,257
Transfer from the General Fund to the Retiree Benefits Fund to Fund the District's Contribution for Retiree Health Benefits	536,926
Subtotal	<u>5,264,516</u>
Intra-Fund Elimination Between the General Fund and the Adult Education Fund	(94,293)
Intra-Fund Elimination Between the General Fund and the Deferred Maintenance Fund	<u>(1,093,618)</u>
Total	<u>\$ 4,076,605</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 FUND BALANCES

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

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in Revolving Fund	\$ 5,000	\$	\$	\$ 5,000
Inventories			22,191	22,191
Total Nonspendable	5,000		22,191	27,191
Restricted:				
Legally Restricted Programs	891,362		13,484	904,846
Capital Projects			149,760	149,760
Debt Service			2,848,989	2,848,989
Total Restricted	891,362	-	3,012,233	3,903,595
Assigned:				
Basic Aid Reserve	10,700,563			10,700,563
Textbook Adoptions	250,000			250,000
Unrestricted Resources Carryover	51,617			51,617
Vehicle Replacement	247,066			247,066
Other Postemployment Benefits	942,000			942,000
Capital Projects	5,792,586	3,734,827		9,527,413
Deferred Maintenance Projects	2,212,759			2,212,759
Total Assigned	20,196,591	3,734,827	-	23,931,418
Unassigned:				
Economic Uncertainties	3,145,072			3,145,072
Total Unassigned	3,145,072	-	-	3,145,072
Total Fund Balance	\$ 24,238,025	\$ 3,734,827	\$ 3,034,424	\$ 31,007,276

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2020 is shown below.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 4,023,454	\$	\$	\$ 4,023,454
Art Collection	101,200			101,200
Construction in Progress	41,380	1,252,407	606,527	687,260
Total Capital Assets Not Being Depreciated	4,166,034	1,252,407	606,527	4,811,914
Capital Assets Being Depreciated:				
Buildings and Improvements	91,529,627	593,272		92,122,899
Equipment	5,036,358	91,199		5,127,557
Total Capital Assets Being Depreciated	96,565,985	684,471	-	97,250,456
Less Accumulated Depreciation for:				
Buildings and Improvements	43,873,448	2,931,158		46,804,606
Equipment	3,289,031	294,828		3,583,859
Total Accumulated Depreciation	47,162,479	3,225,986	-	50,388,465
Depreciable Assets, Net	49,403,506	(2,541,515)	-	46,861,991
Governmental Activities Capital Assets, Net	<u>\$ 53,569,540</u>	<u>\$ (1,289,108)</u>	<u>\$ 606,527</u>	<u>\$ 51,673,905</u>

NOTE 8 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the year ended June 30, 2020 is shown below.

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due in One Year
General Obligation Bonds	\$ 25,143,446	\$	\$ 2,060,000	\$ 23,083,446	\$ 2,260,000
Accreted Interest	4,659,471	521,042		5,180,513	
Premium on General Obligation Bonds	2,498,689		215,146	2,283,543	
Total General Obligation Bonds	32,301,606	521,042	2,275,146	30,547,502	2,260,000
Compensated Absences	305,466	15,746		321,212	
Net OPEB Liability	10,389,245	1,615,603		12,004,848	536,926
Net Pension Liability	57,650,951	1,673,026		59,323,977	
Total	<u>\$ 100,647,268</u>	<u>\$ 3,825,417</u>	<u>\$ 2,275,146</u>	<u>\$ 102,197,539</u>	<u>\$ 2,796,926</u>

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net other postemployment benefits obligation, 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, 2020**

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 districts 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, 2020**

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, 2020.

The outstanding general obligation bonded debt of the District at June 30, 2020 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate Percent	Amount of Original Issue	Outstanding June 30, 2020*
Series:					
2002	2/28/2002	8/1/2026	3.50-6.00%	\$ 9,663,455	\$ 2,942,907
2006	6/14/2006	8/1/2030	4.00-5.00%	10,750,744	3,417,667
2008	7/10/2008	8/1/2033	4.00-5.00%	10,749,246	3,133,385
2010 Refunding	5/26/2010	8/1/2025	2.00-5.00%	15,140,000	2,760,000
2016 Refunding	10/20/2016	8/1/2032	2.00-4.00%	17,755,000	16,010,000
		Total		<u>\$ 64,058,445</u>	<u>\$ 28,263,959</u>

* includes accreted interest through June 30, 2020.

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
2021	\$ 2,260,000	\$	\$	\$ 677,200	\$ 2,937,200
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>\$ 18,770,000</u>	<u>\$ 4,313,446</u>	<u>\$ 11,546,554</u>	<u>\$ 3,117,568</u>	<u>\$ 37,747,568</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 \$1,844,452 totaling \$2,942,907 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 \$1,766,923 totaling \$3,417,667 has been reflected in the long-term debt balance.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,564,247 and accreted interest accreted of \$1,569,138, totaling \$3,133,385 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 \$215,146 was recognized during the year ended June 30, 2020.

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, 2020.

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, 2020, the District's total liability for postemployment healthcare benefits consisted of the following:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Benefits Plan	\$ 11,751,618	\$ 2,302,591	\$ 1,228,931	\$ 1,327,274
Medicare Premium Payment Program	253,230			(3,225)
Total	<u>\$ 12,004,848</u>	<u>\$ 2,302,591</u>	<u>\$ 1,228,931</u>	<u>\$ 1,324,049</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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.

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

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2020, 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, 2020, the District contributed \$536,926 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 \$91,708.

Total OPEB Liability

As of June 30, 2020, the total OPEB liability is \$11,751,618.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Assumptions

The total OPEB liability was determined based on an actuarial valuation as of June 30, 2019. The following actuarial assumptions used in the June 30, 2019 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
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 table incorporates 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 3.50%. 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	\$ 10,132,790
Changes for the Year:	
Service Cost	891,893
Interest Cost	391,693
Differences Between Expected and Actual	
Experience	(41,544)
Differences Between Experience Gains and Losses	(1,107,119)
Changes in Assumptions	2,002,303
Changes in Benefit Terms	(17,879)
Expected Benefit Payments	(500,519)
Net Changes	<u>1,618,828</u>
Ending Balance - June 30, 2020	<u><u>\$ 11,751,618</u></u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 3.5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 %) or 1 percentage point higher (5.8%) than the current rate:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	\$ 12,662,648
Current Discount Rate	11,751,618
1% Increase	10,954,246

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	\$ 11,093,987
Current Healthcare Trend Rate	11,751,618
1% Increase	12,417,177

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, 2020. 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	\$ 500,519	\$ -
Differences Between Experience Gains and Losses		1,033,796
Changes in Assumptions	1,802,072	195,135
Total	<u>\$ 2,302,591</u>	<u>\$ 1,228,931</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2021	\$ 61,567
2022	61,567
2023	61,567
2024	61,567
2025	(14,583)
Thereafter	341,456
Total	<u>\$ 573,141</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 fulltime 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, 2019 and 2018, 5744 and 5,984 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, 2018 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 2018-19 were \$27.98 million.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, 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, 2020
<u>Proportionate Share of OPEB Liability</u>	
Total OPEB Liability	\$ 251,201
Plan Fiduciary Net Position	(2,029)
District's Net OPEB Liability	<u>\$ 253,230</u>

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, 2019, the District's proportion was 0.0680% which is an increase of 0.0010% from its proportion measured as of June 30, 2018.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019 using the assumptions listed in the following table:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry age normal
Experience Study	July 1, 2010 through June 30, 2015
Investment Rate of Return	3.50%
Medicare Part A Premium Costs Trend Rate	3.70%
Medicare Part B Premium Costs Trend Rate	4.10%

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 because 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 and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population 165,422.

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-2016) 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, 2019 and 2018 was 3.50 percent and 3.87 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 3.50 percent and 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019 and 2018, 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, 2020**

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 as of June 30, 2018, 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% lower or 1% higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (2.50%)	\$ 276,332
Current Discount Rate (3.50%)	253,230
1% Increase (4.50%)	231,989

Medicare Costs Trend Rate

The June 30, 2018, valuation uses the 2019 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 3.70 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.10 percent increase each year.

The following table presents as of June 30, 2019, 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>Healthcare Trend Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (2.7% Part A, 3.1% Part B)	\$ 230,751
Current Healthcare Trend Rate (3.7% Part A, 4.1% Part B)	253,230
1% Increase (4.7% Part A, 5.1% Part B)	278,992

Amortization of Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. 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 inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2019, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued)

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate financial report available on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, California 95826.

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, 2020, 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)	\$ 39,739,040	\$ 11,760,805	\$ 4,037,887	\$ 7,861,002
CalPERS (Schools Pool Plan)	19,584,937	4,293,155	333,920	4,210,051
Total	<u>\$ 59,323,977</u>	<u>\$ 16,053,960</u>	<u>\$ 4,371,807</u>	<u>\$ 12,071,053</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, 2020**

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, 2020 are summarized as follows:

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
	On or Before December 31, 2012	On or After January 1, 2013
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	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
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, 2020 are presented above and the total District contributions were \$4,175,681.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, 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, 2020
District Proportionate Share of the Net Pension Liability	\$ 39,739,040
State's Proportionate Share of the Net Pension Liability Associated with the District	21,680,474
Total	<u>\$ 61,419,514</u>

The net pension liability was measured as of June 30, 2019. 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, 2019, the District's proportion was 0.0440% which is an increase of 0.0010% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$5,167,146. In addition, the District recognized revenue and corresponding expense of \$2,693,856 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 4,175,681	\$ -
Differences Between Expected and Actual Experience	100,320	1,119,800
Changes of Assumptions	5,026,120	-
Changes in Proportion	2,458,684	1,387,327
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,530,760
Total	<u>\$ 11,760,805</u>	<u>\$ 4,037,887</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2021. 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, 2019 measurement date is seven years.

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

Year Ending June 30,	Amortization
2021	\$ 1,075,835
2022	14,993
2023	748,760
2024	1,484,951
2025	221,327
2026	1,371
Total	<u>\$ 3,547,237</u>

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, 2018, and rolling forward the total pension liability to June 30, 2019. 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, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 2010 through June 30, 2015
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, 2020**

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-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric 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:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47 %	4.80 %
Private Equity	13	6.30
Real Estate	13	3.60
Fixed Income	12	1.30
Risk Mitigating Strategies	9	1.80
Inflation Sensitive	4	3.30
Cash/Liquidity	2	(0.40)

Discount Rate

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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%)	\$ 59,174,720
Current Discount Rate (7.10%)	39,739,040
1% Increase (8.10%)	23,623,160

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, California 95826.

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.

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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided (Continued)

The CalPERS provisions and benefits in effect at June 30, 2020 are summarized as follows:

Provisions and Benefits	Schools Pool Plan (CalPERS)	
	On or Before December 31, 2012	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are as presented above and the total District contributions were \$1,925,875.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$19,584,937. The net pension liability was measured as of June 30, 2019. 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, 2019, the District's proportion was 0.0672% which is a decrease of 0.0008% from its proportion measured as of June 30, 2018.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$4,210,051. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,925,875	\$ -
Differences Between Expected and Actual Experience	1,422,653	-
Changes of Assumptions	932,304	-
Changes in Proportion	12,323	152,266
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	181,654
Total	<u>\$ 4,293,155</u>	<u>\$ 333,920</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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, 2019 measurement date is 4.1 years.

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

Year Ending June 30,	Amortization
2021	\$ 1,625,748
2022	205,507
2023	131,996
2024	70,109
Total	<u>\$ 2,033,360</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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, 2018, and rolling forward the total pension liability to June 30, 2019. 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, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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 post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and 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:

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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 assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	\$ 28,230,399
Current Discount Rate (7.15%)	19,584,937
1% Increase (8.15%)	12,412,929

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 (MSBCLPJPA), 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.

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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Condensed financial information is as follows:

	MSBCLPJPA (Audited) June 30,2019	MERMA (Audited) June 30,2019	MCSIG (Audited) June 30,2019	Community Human Services (Audited) June 30,2019
JPA Condensed Financial Information				
Total Assets and Deferred Outflows of Resources	\$ 2,589,790	\$ 47,512,708	\$ 12,632,134	\$ 10,480,393
Total Liabilities and Deferred Inflows of Resources	1,428,951	21,551,506	21,355,733	8,110,076
Fund Balance/Net Position	1,160,839	25,961,202	(8,723,599)	2,370,317
Total Revenues	5,658,038	12,920,817	117,313,404	6,331,754
Total Expenditures	5,138,824	6,593,339	122,901,100	6,516,184

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, 2020, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$505,000. Projects will be funded through Deferred Maintenance Fund and Special Reserve Fund for Capital Outlay Projects.

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 outbreak 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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID-19 (Continued)

In response to the COVID-19 outbreak, 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 2020-21 California State Budget.

The COVID-19 outbreak 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 outbreak 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.

REQUIRED SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgetary Amounts - General Fund		Actual Amounts Fund	(a) Fund Basis to GAAP	Actual Amounts GAAP Basis
	Original	Final			
REVENUES					
Local Control Funding Formula Sources	\$ 56,476,888	\$ 55,867,785	\$ 56,498,719	\$	\$ 56,498,719
Federal Sources	557,248	608,918	612,732		612,732
Other State Sources	2,947,971	3,372,016	4,117,205	74,255	4,191,460
Other Local Sources	1,630,056	1,927,247	2,359,782	80,839	2,440,621
Total Revenues	61,612,163	61,775,966	63,588,438	155,094	63,743,532
EXPENDITURES					
Certificated Salaries	24,647,120	24,264,430	24,159,222	95,122	24,254,344
Classified Salaries	10,226,731	9,780,991	9,913,990	41,640	9,955,630
Employee Benefits	14,959,148	14,554,533	15,385,510	55,021	15,440,531
Books and Supplies	2,752,898	3,025,809	2,457,832	1,828	2,459,660
Services and Other Operating Expenditures	6,610,071	5,882,402	4,559,195	250,953	4,810,148
Capital Outlay	85,000	166,141	158,094	21,222	179,316
Other Outgo	1,029,505	1,051,049	1,003,074		1,003,074
Total Expenditures	60,310,473	58,725,355	57,636,917	465,786	58,102,703
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,301,690	3,050,611	5,951,521	(310,692)	5,640,829
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In				1,187,911	1,187,911
Interfund Transfers Out	(1,404,655)	(5,361,120)	(5,264,516)		(5,264,516)
Total Other Financing Sources (Uses)	(1,404,655)	(5,361,120)	(5,264,516)	1,187,911	(4,076,605)
NET CHANGE IN FUND BALANCES	<u>\$ (102,965)</u>	<u>\$ (2,310,509)</u>	687,005	877,219	1,564,224
Fund Balance - Beginning of Year			21,300,998	1,372,803	22,673,801
FUND BALANCES - END OF YEAR			<u>\$ 21,988,003</u>	<u>\$ 2,250,022</u>	<u>\$ 24,238,025</u>

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

See accompanying Note to Required Supplementary Information.

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

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

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

<u>Total OPEB Liability - Medicare Premium Payment Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's Proportion of the Net OPEB Liability	0.068 %	0.067 %	0.143 %
District's Proportionate Share of the Net OPEB Liability	\$ 253,230	\$ 256,455	\$ 601,612
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB Liability (Asset) as a Percentage of Covered Payroll*	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-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.

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

CalSTRS - STRP	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.0440%	0.0430%	0.0410%	0.0420%	0.0450%	0.0420%
District's Proportionate Share of the Net Pension Liability	\$ 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	21,680,474	22,627,165	22,431,441	19,341,374	16,023,096	14,820,598
Total	<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	\$ 23,830,000	\$ 23,200,000	\$ 22,500,000	\$ 21,300,000	\$ 19,880,000	\$ 19,500,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	167%	170%	169%	159%	152%	126%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73%	71%	69%	70%	74%	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.

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

See accompanying Note to Required Supplementary Information.

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

CalPERS - Schools Pool Plan	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.0672%	0.0680%	0.0682%	0.0679%	0.0688%	0.0698%
District's Proportionate Share of the Net Pension Liability	\$ 19,584,937	\$ 18,130,941	\$ 16,281,140	\$ 13,410,292	\$ 10,229,629	\$ 7,924,000
District's Covered Payroll	\$ 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	209%	201%	187%	164%	133%	109%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Note to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020**

CalSTRS - STRP	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 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	4,175,681	3,879,393	3,352,531	2,841,414	2,283,231	1,765,866
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 24,420,000	\$ 23,830,000	\$ 23,200,000	\$ 22,500,000	\$ 21,300,000	\$ 19,880,000
Contributions as a Percentage of Covered Payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

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.

CalPERS - Schools Pool Plan	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,925,875	\$ 1,687,346	\$ 1,395,357	\$ 1,208,665	\$ 965,841	\$ 904,438
Contributions in Relation to the Contractually Required Contribution	1,925,875	1,687,346	1,395,357	1,208,665	965,841	904,438
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 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	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.

See accompanying Note to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

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, 2020, 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:

2019-20

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

2018-19

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

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.

Benefit Changes – None

Changes of Assumptions – As described in Note 10 to the financial statements.

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:

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

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

2019-20

None

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 2.75% to 2.50%. 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.

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<u>Object Account</u>	<u>Amount</u>
Classified Salaries	\$ 132,999
Employee Benefits	830,977

SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2020**

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, 2020 were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Karl Pallastrini	Board President	December 2020
Sara Hinds	Board Clerk	December 2022
Tess Arthur	Board Member	December 2022
Todd Weaver	Board Member	December 2020
Annette Yee-Steck	Board Member	December 2020

DISTRICT ADMINISTRATORS

Barbara Dill-Varga, Ed.D.	Superintendent
Yvonne Perez	Chief Business Official
Blaise DiGirolamo	Chief Academic Officer
Paul Behan	Chief Technology Officer
Trisha Dellis	Chief Human Resource Officer
Steve Gonzalez	Director of Special Education

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2020**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2020 are as follows:

	Revised Second Period Certificate # 321242A0	Annual Certificate # C9691C71
Grades Transitional Kindergarten through third:		
Regular ADA	602.56	602.56
Total Grades Transitional Kindergarten through Third ADA	602.56	602.56
Grades Four through Six:		
Regular ADA	540.90	540.90
Total Grades Four through Six ADA	540.90	540.90
Grades Seven and Eight:		
Regular ADA	399.12	399.12
Total Grades Seven and Eight ADA	399.12	399.12
Grades Nine through Twelve:		
Regular ADA	842.79	842.79
Total Grades Nine through Twelve ADA	842.79	842.79
Total ADA	2,385.37	2,385.37

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>Minutes Offered</u>	<u>Days Offered Traditional</u>	<u>Days Covered By Closure</u>	<u>Status</u>
Kindergarten	36,000	51,150	180	55	In Compliance
Grade 1	50,400	55,725	180	55	In Compliance
Grade 2	50,400	55,725	180	55	In Compliance
Grade 3	50,400	55,725	180	55	In Compliance
Grade 4	54,000	55,725	180	55	In Compliance
Grade 5	54,000	55,725	180	55	In Compliance
Grade 6	54,000	55,725	180	55	In Compliance
Grade 7	54,000	66,135	180	55	In Compliance
Grade 8	54,000	66,135	180	55	In Compliance
Grade 9	64,800	66,215	180	55	In Compliance
Grade 10	64,800	66,215	180	55	In Compliance
Grade 11	64,800	66,215	180	55	In Compliance
Grade 12	64,800	66,215	180	55	In Compliance

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	\$ 92,510
Basic Breakfast Program	10.553	13525	29,019
Especially Needy Breakfast Program	10.553	13526	13,212
Meal Supplement	10.555	(1)	3,978
Seamless Summer Feeding Option (SSFO)	10.555	(1)	210,369
Commodities	10.555	(1)	<u>7,783</u>
Total: Child Nutrition Cluster			<u>356,871</u>
Total: United States Department of Agriculture			<u>356,871</u>
United States Department of Education			
Pass-Through Program From California Department of Education:			
Special Education Cluster:			
Special Education - IDEA Basic Local Assistance Entitlement	84.027	13379	<u>346,612</u>
Total: Special Education Cluster			<u>346,612</u>
Every Student Succeeds Act:			
Title I - Basic Grants	84.010	14329	181,602
Title II - Supporting Effective Instruction	84.367	14341	46,993
Title IV - Student Support and Academic Enrichment	84.424	15396	15,135
Vocational Programs	84.048	14894	<u>10,363</u>
Total: United States Department of Education			<u>600,705</u>
United States Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
Medi-Cal Billing Option	93.778	10013	<u>15,065</u>
Total: United States Department of Health and Human Services			<u>15,065</u>
Total Federal Programs			<u><u>\$ 972,641</u></u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 972,641
Expenditures in Excess of Revenues Related to Federal Entitlements:			
Medi-Cal Billing Option	93.778	10,013	<u>(3,038)</u>
Total Federal Program Revenue			<u><u>\$ 969,603</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 \$14,503 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, 2020**

	2021 (Budgeted)	2020	2019	2018
Total Revenues	\$ 63,868,783	\$ 63,588,438	\$ 62,304,199	\$ 57,019,750
Total Expenditures	(63,693,611)	(57,636,917)	(57,878,999)	(54,195,456)
Total Other Sources and Uses	(1,449,579)	(5,264,516)	(1,181,367)	(4,427,865)
Change in Fund Balance	(1,274,407)	687,005	3,243,833	(1,603,571)
Ending Fund Balance	<u>\$ 20,713,595</u>	<u>\$ 21,988,002</u>	<u>\$ 21,300,997</u>	<u>\$ 18,057,164</u>
Available Reserve	<u>\$ 3,257,160</u>	<u>\$ 3,145,072</u>	<u>\$ 2,925,577</u>	<u>\$ 2,932,541</u>
Available Reserve Percentage	5.0%	5.0%	5.0%	5.0%
ADA	2,386	2,385	2,358	2,367
Total Long-Term Debt	<u>\$ 40,076,636</u>	<u>\$ 42,873,562</u>	<u>\$ 42,996,317</u>	<u>\$ 44,503,224</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, 2020, 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 2021 budget is the original budget adopted in June 2020.

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2020**

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

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Differences between the fund balances reported on the June 30, 2020 Annual Financial and Budget Report for the governmental funds and the audited financial statements occurred in the following fund:

	Special Reserve For Capital Outlay Fund
June 30, 2020 Annual Financial and Budget Report - Ending Fund Balance	\$ 4,086,601
Adjustments and Reclassifications:	
Amounts Held for Others	(351,774)
June 30, 2020 Audited Financial Statement Fund Balance	<u>\$ 3,734,827</u>

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

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.

The District closed all school sites for in person instruction effective March 13, 2020 through June 5, 2020 in response to the public health emergency associated with COVID-19. These approved school closure days may be used to meet the instructional time and day requirements pursuant to California Education Code 4600, 46021, 46207 and/or 46208. The District filed the required COVID-19 School Closure Certification with the California Department of Education (CDE) and is therefore in compliance with instructional minute and day requirements. The planned minutes covered by the COVID-19 School Closure Certification were included in the minutes offered column of this schedule but were not actually offered due to the COVID-19 school closures.

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, 2020. 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, wherein 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. 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.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Financial Trends and Analysis

The *2019-20 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 *2019-20 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.

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, 2020**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash in County Treasury	\$ (603,759)	\$ (531,089)	\$ 148,708	\$ 2,848,989	\$ 1,862,849
Cash in Banks	765	356	-		1,121
Collections Awaiting Deposit	754	100,875	266		101,895
Accounts Receivable	64,462	74,195	786		139,443
Due from Other Funds	564,805	379,737			944,542
Inventories		22,191			22,191
Total Assets	<u>\$ 27,027</u>	<u>\$ 46,265</u>	<u>\$ 149,760</u>	<u>\$ 2,848,989</u>	<u>\$ 3,072,041</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 2,313	\$ 24,074	\$	\$	\$ 26,387
Unearned Revenue	11,230	-			11,230
Total Liabilities	<u>13,543</u>	<u>24,074</u>	<u>-</u>	<u>-</u>	<u>37,617</u>
Fund Balances:					
Nonspendable		22,191			22,191
Restricted	13,484		149,760	2,848,989	3,012,233
Total Fund Balances	<u>13,484</u>	<u>22,191</u>	<u>149,760</u>	<u>2,848,989</u>	<u>3,034,424</u>
Total Liabilities and Fund Balances	<u>\$ 27,027</u>	<u>\$ 46,265</u>	<u>\$ 149,760</u>	<u>\$ 2,848,989</u>	<u>\$ 3,072,041</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, 2020**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES					
Federal Sources	\$	\$ 356,871	\$	\$	\$ 356,871
Other State Sources	328,656	28,520		5,201	362,377
Other Local Sources	1,006,213	374,264	45,289	2,977,211	4,402,977
Total Revenues	<u>1,334,869</u>	<u>759,655</u>	<u>45,289</u>	<u>2,982,412</u>	<u>5,122,225</u>
EXPENDITURES					
Instruction	1,135,363				1,135,363
Instruction - Related Services	335,221				335,221
Pupil Services	27,661	1,124,184			1,151,845
Community Services	402,244				402,244
Plant Services			20,664		20,664
Debt Service				2,823,389	2,823,389
Total Expenditures	<u>1,900,489</u>	<u>1,124,184</u>	<u>20,664</u>	<u>2,823,389</u>	<u>5,868,726</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(565,620)</u>	<u>(364,529)</u>	<u>24,625</u>	<u>159,023</u>	<u>(746,501)</u>
OTHER FINANCING SOURCES					
Interfund Transfers In	558,685	379,737			938,422
Total Other Financing Sources	<u>558,685</u>	<u>379,737</u>	<u>-</u>	<u>-</u>	<u>938,422</u>
NET CHANGES IN FUND BALANCE	(6,935)	15,208	24,625	159,023	191,921
Fund Balances - Beginning of Year	<u>20,419</u>	<u>6,983</u>	<u>125,135</u>	<u>2,689,966</u>	<u>2,842,503</u>
FUND BALANCES - END OF YEAR	<u>\$ 13,484</u>	<u>\$ 22,191</u>	<u>\$ 149,760</u>	<u>\$ 2,848,989</u>	<u>\$ 3,034,424</u>

See accompanying Note to Optional Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO THE OPTIONAL SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

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, each major fund, and the aggregate remaining fund information of Carmel Unified School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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CliftonLarsonAllen LLP

Glendora, California
November 23, 2020



**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 U.S. Office of Management and Budget (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, 2020. 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, 2020.

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.

Purpose of this Report

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
November 23, 2020



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 *2019-20 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, 2020. 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 *2019-20 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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No ¹
Continuation Education	No ¹
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
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	No ²
Mode of Instruction	No ²
Nonclassroom Based Instruction/Independent Study	No ²
Determination of Funding for Nonclassroom Based Instruction	No ²
Annual Instructional Minutes – Classroom Based	No ²
Charter School Facility Grant Program	No ²

¹We did not perform testing for independent study or continuation education because the independent study and continuation education ADA were under the level which requires testing.

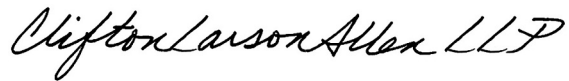
²The District is not the granting agency for any Charter Schools.

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, 2020.

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 *2019-20 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
November 23, 2020

FINDINGS AND QUESTIONED COSTS

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
JUNE 30, 2020**

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 | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>x</u> _____ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <u>x</u> _____ no |

Federal Awards

- | | | |
|---|------------|------------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>x</u> _____ 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 | _____ <u>x</u> _____ no |

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ <u>x</u> _____ yes _____ no

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

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

FINANCIAL STATEMENT FINDINGS

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2020.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
JUNE 30, 2020**

FEDERAL AWARDS FINDINGS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
JUNE 30, 2020**

STATE COMPLIANCE FINDINGS

There were no findings and questioned costs related to state awards for the year ended June 30, 2020.

**CARMEL UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

2019-001

School Accountability Report Card

72000

Finding: The District was not in compliance with Education Code section 33126(b)(8). The Interior category for one site was misreported on the site's SARC. The FIT reported the Interior as "poor", but it was reported as "fair" on the SARC.

Recommendation: We recommend the District implement additional review procedures to ensure that errors are prevented in future SARC reporting.

Current Year Status: Implemented

