CABRILLO UNIFIED SCHOOL DISTRICT

COUNTY OF SAN MATEO
HALF MOON BAY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2021

Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste. 130
Morgan Hill, CA 95037

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CABRILLO UNIFIED SCHOOL DISTRICT
SAN MATEO COUNTY

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CABRILLO UNIFIED SCHOOL DISTRICT
SAN MATEO COUNTY

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FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, 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 Cabrillo Unified School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

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Opinions

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

Emphasis of a Matter

New Accounting Standards

During the year, the District implemented Governmental Accounting Standards Board Statement No. 84, *GASB Statement No. 84, "Fiduciary Activities."* This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. As a result, the District restated its General Fund beginning fund balance by $137,664 to account for student body activities previously reported as agency funds that do not meet the fiduciary activity definition per GASB 84.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension contributions, and schedule of proportionate share of net pension liability, as listed in the 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.

Supplementary 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 combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board, organization schedule, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget report to the audited financial statements, as required by the *2020-21 Guide for Annual Audits of K-12 Local*

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Education Agencies and State Compliance Reporting, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, 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 combining and individual nonmajor fund financial statements, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

C & A LLP

January 5, 2022
San Jose, California

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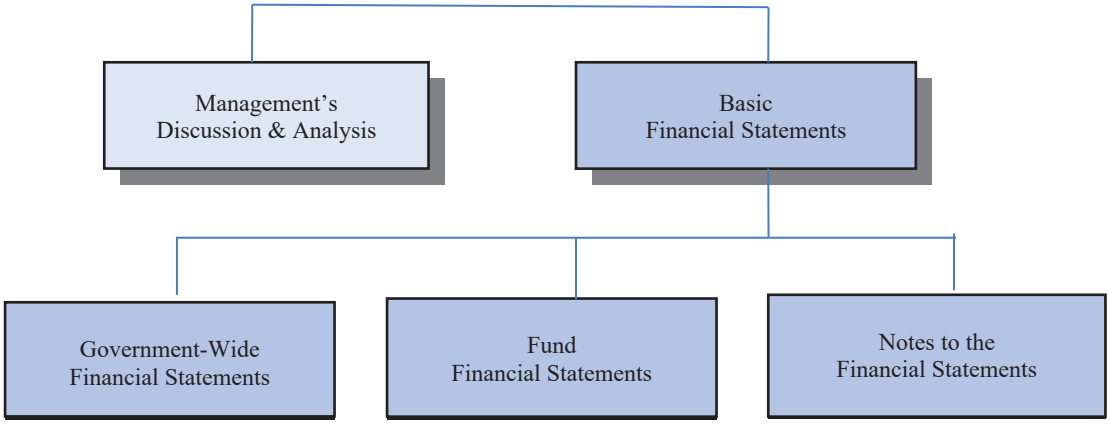
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to presents discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2021 were as follows:

- Total net position decreased by $19,089 from June 30, 2020 to June 30, 2021.
- General revenues accounted for $45,928,101 which is 81% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $10,637,278 or 19% of total revenues of $56,565,379.
- The District had $56,722,132 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) decreased by $10,195,480, or 14%, from June 30, 2020 to June 30, 2021.
- Among major funds, the General Fund reported $43,801,366 in revenues and $40,540,814 in expenditures. The General Fund's fund balance increased by $3,025,552 from June 30, 2020 to June 30, 2021.

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020 - 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current

property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The District is the trustee, or fiduciary, for an expendable trust fund. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's fund and government-wide financial statements because the District cannot use these assets to finance its operations.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Total assets of governmental activities decreased by $23,038,548 and net capital assets increased by $1,394,152 while long-term liabilities decreased by $9,673,006. Unrestricted net position of the District, which does not have constraints from grantors, legal requirements, or legislation, decreased by $3,330,253.

Table 1 provides a summary of the District's net position for the last two fiscal years:

Table 1 - Summary of Net Position

	2021	2020	Change	Percent
Assets				
Current Assets	$ 67,121,546	$ 91,554,246	$(24,432,700)	-26.7%
Capital Assets	124,502,723	123,108,571	1,394,152	1.1%
Total Assets	$ 191,624,269	$ 214,662,817	$(23,038,548)	-10.7%
Deferred Outflows of Resources	$ 8,151,339	$ 8,770,446	$ (619,107)	-7.1%
Liabilities				
Current and Other Liabilities	8,311,724	21,966,942	(13,655,218)	-62.2%
Long-Term Liabilities	168,934,399	178,607,405	(9,673,006)	-5.4%
Total Liabilities	$ 177,246,123	$ 200,574,347	$(23,328,224)	-11.6%
Deferred Inflows of Resources	$ 3,169,718	$ 3,480,060	$ (310,342)	-8.9%
Net Position				
Net Investment in Capital Assets	48,050,809	40,818,746	7,232,063	17.7%
Restricted	4,340,223	8,261,122	(3,920,899)	-47.5%
Unrestricted	(33,031,265)	(29,701,012)	(3,330,253)	11.2%
Total Net Position	$ 19,359,767	$ 19,378,856	$ (19,089)	-0.1%

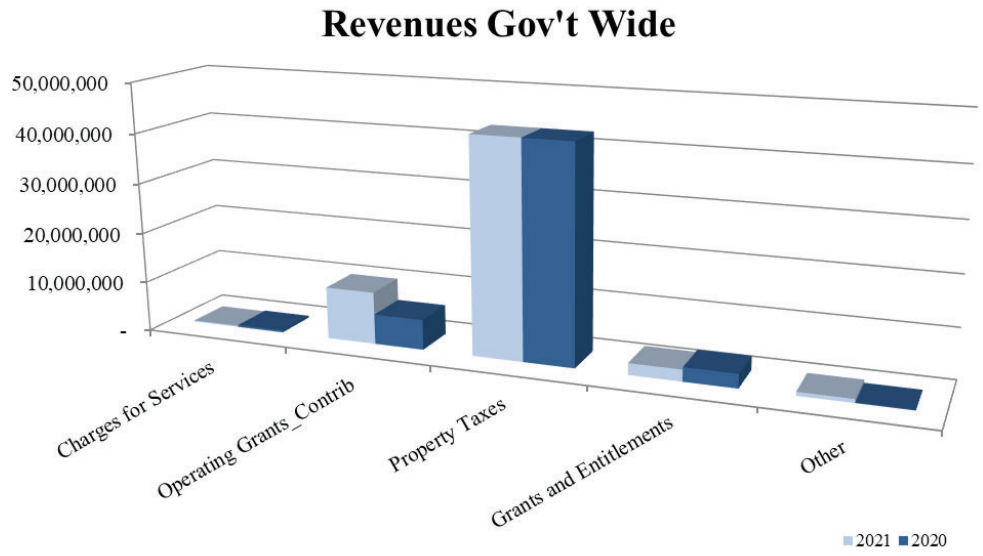
Table 2 shows the changes in net position as compared to the previous fiscal year:

Table 2 - Change in Net Position

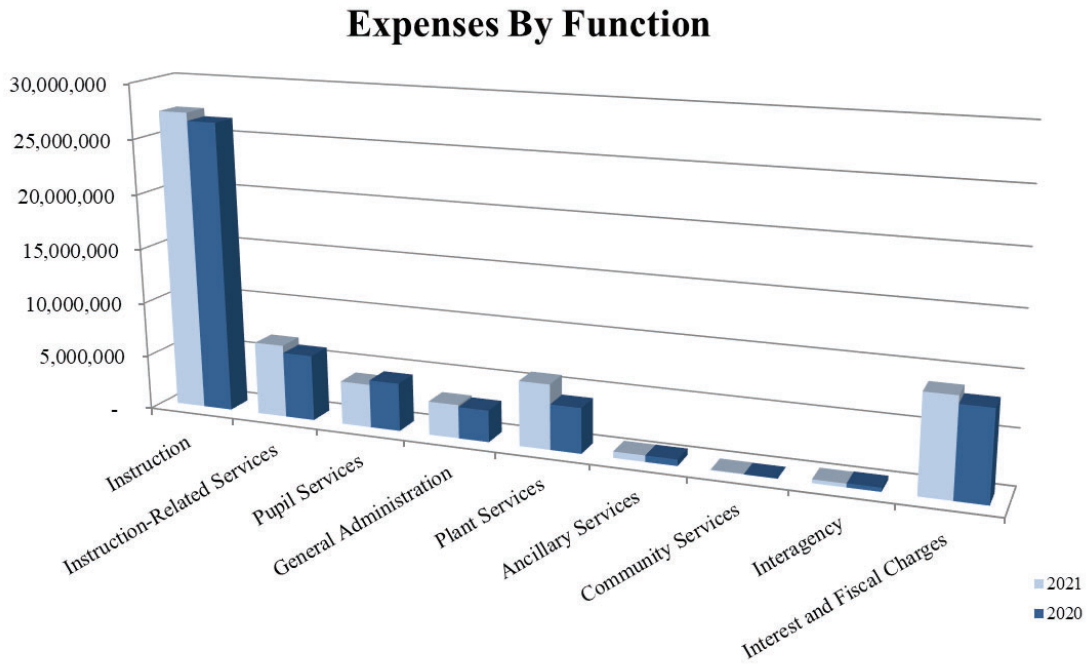
	2021	2020	Change	Percent
Revenues				
Program Revenues:				
Charges for Services	$ 224,015	$ 383,677	$ (159,662)	-41.6%
Operating Grants and Contributions	10,413,263	5,993,630	4,419,633	73.7%
General Revenues:				
Property Taxes	42,862,664	42,838,847	23,817	0.1%
Grants and Entitlements - Unrestricted	2,312,547	2,798,294	(485,747)	-17.4%
Other	752,890	142,758	610,132	427.4%
Total Revenues	56,565,379	52,157,206	4,408,173	8.5%
Program Expenses				
Instruction	27,311,015	26,579,541	731,474	2.8%
Instruction-Related Services	6,692,252	6,021,185	671,067	11.1%
Pupil Services	3,964,258	4,386,886	(422,628)	-9.6%
General Administration	3,063,726	2,893,663	170,063	5.9%
Plant Services	5,900,830	4,123,023	1,777,807	43.1%
Ancillary Services	581,802	583,820	(2,018)	-0.3%
Community Services	49,830	28,811	21,019	73.0%
Payments to Other Agencies	334,302	368,576	(34,274)	-9.3%
Interest and Fiscal Charges	8,824,117	8,123,637	700,480	8.6%
Total Expenses	56,722,132	53,109,142	3,612,990	6.8%
Change in Net Position	$ (156,753)	$ (951,936)	$ 795,183	-83.5%

Property taxes comprised 82% of District revenues versus 82% in the prior year. Direct instruction costs comprised 48% of District expenses for fiscal year 2020-21 which was consistent with the prior year. Total revenues increased by 8.5% and total expenses increased by 6.8% as compared to the prior fiscal year.

The following is a summary of government-wide revenues for the fiscal years ended June 30, 2020 and 2021:



The following is a summary of expenses by function for the fiscal years ended June 30, 2020 and 2021:



GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Function	2021	2020	Change	Percent
Instruction	$ 22,777,950	$ 23,637,571	$ (859,621)	-3.6%
Instruction-Related Services	4,848,858	5,165,548	(316,690)	-6.1%
Pupil Services	2,369,832	3,064,735	(694,903)	-22.7%
General Administration	2,966,362	2,836,444	129,918	4.6%
Plant Services	4,784,017	4,019,665	764,352	19.0%
Ancillary Services	406,847	402,458	4,389	1.1%
Community Services	37,137	22,706	14,431	63.6%
Payments to Other Agencies	(930,266)	(540,929)	(389,337)	72.0%
Interest and Fiscal Charges	8,824,117	8,123,637	700,480	8.6%
Total Net Cost of Services	$ 46,084,854	$ 46,731,835	$ (646,981)	-1.4%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-Related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services include the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services include school-sponsored activities during or after the school day that are not essential to the delivery of instructional services.

Community Services include activities concerned with providing services to community participants other than students.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax and local revenues is apparent, 81% of the District's activities are supported through taxes, grants and entitlements, and other general revenues. The community, as a whole, is the primary support for the District.

THE DISTRICT'S FUNDS

Table 4 provides a summary of the changes in the District's fund balances:

Table 4 - Change in Fund Balances

Funds	2021	2020	Change
General Fund	$ 9,267,673	$ 6,104,457	$ 3,163,216
Building Fund	41,654,477	46,781,714	(5,127,237)
Bond Interest & Redemption Fund	9,896,550	18,416,603	(8,520,053)
Nonmajor Funds	1,884,122	1,595,528	288,594
Total Governmental Fund Balances	$ 62,702,822	$ 72,898,302	$ (10,195,480)

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2020-21 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd Interim, which resulted in an increase in budgeted expenditures of $2,282,696 from the original to final budget.

For the General Fund, the final budget basis revenue and other financing sources estimate was $44,249,852. The original budgeted estimate was $36,565,405.

CAPITAL ASSETS

Table 5 shows the changes in the District's capital assets, net of depreciation:

Table 5 - Summary of Capital Assets Net of Depreciation

Capital Asset	2021 Net Capital Asset	2020 Net Capital Asset	Percentage Change
Land	$ 1,456,448	$ 1,456,448	0.0%
Work-in-Progress	31,687,772	59,249,920	-46.5%
Site Improvements	9,708,106	9,269,077	4.7%
Buildings and Improvements	80,839,930	52,460,420	54.1%
Furniture and Equipment	810,467	672,706	20.5%
Totals	$ 124,502,723	$ 123,108,571	1.1%

LONG TERM LIABILITIES

Table 5 shows the changes in the District's long-term liabilities:

Table 6 - Long-term Liabilities

Type	2021	2020	Percentage Change
General obligation bonds	$ 118,106,391	$ 129,071,539	-8.5%
Unamortized bond premiums - net	11,874,459	12,385,598	-4.1%
Net Pension Liability	38,457,565	36,777,456	4.6%
Compensated absences	495,984	372,812	33.0%
Total Debt	$ 168,934,399	$ 178,607,405	-5.4%

FACTORS BEARING ON THE DISTRICT'S FUTURE

In 2020-21, the district's revenue reached the status of "Basic Aid." The 2021-22 budget and its multi-year projection assumptions indicate that the district will continue to be a Basic Aid district with reserves above the mandated 3%. The district is mindful of the funding vulnerability to which Basic Aid districts may be subjected. In 2022 and 2023, the District will pay particular attention to the size of its staffing to match its declining enrollment and optimize its Basic Aid status.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact J Jesus Contreras, Chief Business Official, Cabrillo Unified School District, 498 Kelly Avenue, Half Moon Bay, CA 94019, (650) 712-7123.

Basic Financial Statements

CABRILLO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Current assets:	
Cash in county treasury	$ 61,999,506
Cash in revolving fund	25,000
Cash with fiscal agent	46,655
Accounts receivable	5,030,767
Inventories	19,618
Total current assets	67,121,546
Capital assets - net	124,502,723
Total Assets	$ 191,624,269
Deferred Outflows of Resources	
Pension adjustments	$ 8,151,339
Liabilities	
Accounts payable	$ 2,907,167
Unearned revenue	1,511,557
Accrued interest	3,893,000
Total current liabilities	8,311,724
Long-term liabilities:	
Due within one year	2,431,391
Due after one year	166,503,008
Total long-term liabilities	168,934,399
Total Liabilities	$ 177,246,123
Deferred Inflows of Resources	
Pension adjustments	$ 3,169,718
Net Position	
Net investment in capital assets	$ 48,050,809
Restricted for:	
Capital projects	1,726,469
Educational programs	2,461,315
Adult education	148,415
Cafeteria programs	4,024
Total restricted net position	4,340,223
Unrestricted	(33,031,265)
Total Net Position	$ 19,359,767

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 27,311,015	$ 53,627	$ 4,479,438	$ (22,777,950)
Instruction-related services:				
Supervision of instruction	2,193,435	1,302	1,405,982	(786,151)
Instruction library, media and technology	1,421,983	2,000	77,851	(1,342,132)
School site administration	3,076,834	1,705	354,554	(2,720,575)
Pupil services:				
Home-to-school transportation	550,003	1,854	186,516	(361,633)
Food services	709,110	1,537	434,009	(273,564)
All other pupil services	2,705,145	3,458	967,052	(1,734,635)
General administration:				
All other general administration	3,063,726	338	97,026	(2,966,362)
Plant services	5,900,830	663	1,116,150	(4,784,017)
Ancillary services	581,802	11,423	163,532	(406,847)
Community services	49,830	298	12,395	(37,137)
Payments to other agencies	334,302	145,810	1,118,758	930,266
Interest on long-term debt	8,824,117	-	-	(8,824,117)
Total governmental activities	$ 56,722,132	$ 224,015	$ 10,413,263	(46,084,854)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				30,407,877
Taxes levied for debt service				10,844,627
Taxes levied for other specific purpose				1,610,160
Federal and state aid non restricted to specific purposes				2,312,547
Interest and investment earnings				558,548
Miscellaneous				194,342
Total general revenues and special item				45,928,101
Change in net position				(156,753)
Net position beginning				19,378,856
Prior period adjustment - GASB 84				137,664
Net assets beginning - adjusted				19,516,520
Net position ending				$ 19,359,767

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 6,793,562	$ 43,436,802	$ 9,875,534	$ 1,893,608	$ 61,999,506
Cash in revolving fund	25,000	-	-	-	25,000
Cash with fiscal agent	46,655	-	-	-	46,655
Accounts receivable	4,795,992	109,868	21,016	103,891	5,030,767
Due from other funds	89,962	-	-	-	89,962
Prepaid items and stores inventories	15,599	-	-	4,019	19,618
Total Assets	$ 11,766,770	$ 43,546,670	$ 9,896,550	$ 2,001,518	$ 67,211,508
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 987,540	$ 1,890,229	$ -	$ 29,398	$ 2,907,167
Due to other funds	-	1,964	-	87,998	89,962
Unearned revenue	1,511,557	-	-	-	1,511,557
Total Liabilities	2,499,097	1,892,193	-	117,396	4,508,686
Fund balances:					
Nonspendable:					
Revolving fund	25,000	-	-	-	25,000
Stores inventories	15,599	-	-	4,019	19,618
Restricted for:					
Educational programs	2,461,315	-	-	-	2,461,315
Debt service	-	-	9,896,550	-	9,896,550
Adult education	-	-	-	148,415	148,415
Cafeteria programs	-	-	-	4,024	4,024
Capital projects	-	41,654,477	-	1,726,469	43,380,946
Assigned for:					
Site repairs	-	-	-	236	236
Child development	-	-	-	959	959
Educational programs	74,400	-	-	-	74,400
Unassigned:					
Unappropriated	6,691,359	-	-	-	6,691,359
Total Fund Balances	9,267,673	41,654,477	9,896,550	1,884,122	62,702,822
Total Liabilities and Fund Balances	$ 11,766,770	$ 43,546,670	$ 9,896,550	$ 2,001,518	$ 67,211,508

The notes to the financial statements are an integral part of this statement.

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

Total fund balances - governmental funds		$ 62,702,822
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Capital assets at cost	$ 158,311,216	
Accumulated depreciation	(33,808,493)	124,502,723
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		(3,893,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		8,151,339
The difference from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(3,169,718)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General obligation bonds	$ 118,106,391	
Unamortized bond premium	11,874,459	
Net pension liabilities	38,457,565	
Compensated absences (vacation)	495,984	(168,934,399)
Total net position - governmental activities		$ 19,359,767

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 32,022,050	$ -	$ -	$ -	$ 32,022,050
Federal revenue	3,102,460	-	-	372,126	3,474,586
Other state	5,309,427	-	34,296	630,497	5,974,220
Other local	3,367,429	551,499	10,901,677	273,918	15,094,523
Total revenues	43,801,366	551,499	10,935,973	1,276,541	56,565,379
Expenditures:					
Current					
Instruction	23,191,464	-	-	162,821	23,354,285
Instruction-related services:					
Supervision of instruction	2,003,190	-	-	87,622	2,090,812
Instruction library, media and technology	1,314,784	-	-	-	1,314,784
School site administration	2,642,974	-	-	275,541	2,918,515
Pupil services:					
Home-to-school transportation	419,678	-	-	-	419,678
Food services	7,927	-	-	668,006	675,933
All other pupil services	2,578,581	-	-	-	2,578,581
General administration:					
All other general administration	2,883,149	-	-	11,350	2,894,499
Plant services	4,238,017	18,121	-	17,607	4,273,745
Facilities acquisition and construction	32,738	5,660,615	-	-	5,693,353
Ancillary Services	581,802	-	-	-	581,802
Community services	49,830	-	-	-	49,830
Payments to other agencies	334,302	-	-	-	334,302
Debt service:					
Principal	-	-	10,965,148	-	10,965,148
Interest and fees	262,378	-	8,490,878	-	8,753,256
Total expenditures	40,540,814	5,678,736	19,456,026	1,222,947	66,898,523
Excess (deficiency) of revenues over (under) expenditures	3,260,552	(5,127,237)	(8,520,053)	53,594	(10,333,144)
Other financing sources (uses):					
Transfers in	-	-	-	235,000	235,000
Transfers out	(235,000)	-	-	-	(235,000)
Total other financing sources (uses)	(235,000)	-	-	235,000	-
Net changes in fund balances	3,025,552	(5,127,237)	(8,520,053)	288,594	(10,333,144)
Fund balances beginning	6,104,457	46,781,714	18,416,603	1,595,528	72,898,302
Prior period adjustment - GASB 84	137,664	-	-	-	137,664
Fund balances beginning - restated	6,242,121	46,781,714	18,416,603	1,595,528	73,035,966
Fund balances ending	$ 9,267,673	$ 41,654,477	$ 9,896,550	$ 1,884,122	$ 62,702,822

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds		$ (10,333,144)
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions from capital outlay	$ 4,287,965	
Depreciation expense	(2,893,813)	1,394,152
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items are as follows:		
Repayment of bond principal	$ 10,965,148	10,965,148
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		511,139
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(1,988,874)
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation used exceeded the amounts earned, resulting in a current year change in compensated absences in the amount of:		(123,174)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(582,000)
Changes in net position of governmental activities		$ (156,753)

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	School Scholarship Fund
Assets:	
Cash on hand and in banks	$ 104,738
Total Assets	$ 104,738
Net Position:	
Restricted	$ 104,738
Total Net Position	$ 104,738

The notes to the financial statements are an integral part of this statement.

CABRILLO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	School Scholarship Fund
Additions	
Other Local	$ 127,817
Deductions	
Scholarships	141,194
Changes in net position	(13,377)
Net position beginning	118,115
Net position ending	$ 104,738

The notes to the financial statements are an integral part of this statement.

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Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Cabrillo 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*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB.

Component Units:

The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2021, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to minimize the effect of interfund of activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to

better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. 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.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 365 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources from unavailable resources.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay and Special Reserve Fund for Postemployment Benefits.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following nonmajor special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

- The *Child Development Fund* is used to account for resources committed child development programs maintained by the District.

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects fund:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").

Fiduciary Funds:

- *Private-Purpose Trust Funds* are used to account for assets held by the District as trustee. The District maintains one trust fund, the Scholarship fund, which is used to provide financial assistance to students of the District.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) with the General Fund because it does not meet the definition of a special revenue fund as defined by GASB 54.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

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

H. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

The following summarizes the pension plan balances for the fiscal year:

	PERS	STRS	Total
Deferred outflows of resources	$ 2,517,511	$ 5,633,828	$ 8,151,339
Deferred inflows of resources	$ 458,273	$ 2,711,445	$ 3,169,718
Pension expense	$ 2,521,335	$ 3,289,793	$ 5,811,128
Net pension liabilities	$ 13,261,225	$ 25,196,340	$ 38,457,565

I. Assets, Liabilities, and Equity

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

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

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

c) Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's central warehouse inventory is valued at cost and consists of expendable supplies held for consumption.

Prepaid expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expenditure in the Statement of Net Position.

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of $15,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer and office equipment	5

e) Compensated Absences

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

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

f) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

g) Fund Balance Reserves and Designations

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Chief Business Official.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

h) Net Position

Net position represents the difference between assets, deferred outflows of resources, 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 improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or

improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Child Development restrictions reflect the amounts to be expended for federal, state, or local revenues to operate child development programs.

Adult Education restrictions reflect the amounts to be expended for federal and state funded adult education programs.

Cafeteria Programs restrictions reflect the amounts to be expended for federal, state, or local revenues to operate cafeteria programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

i) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

j) Risk management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

k) Accounting Estimates

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

J. Implemented Accounting Pronouncements

GASB Statement No. 84, "Fiduciary Activities." Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. Items previously reported as part of the agency fund classification of the Fiduciary Funds statements were reviewed to evaluate if they met the new custodial funds criteria. The District restated its general fund's beginning fund balance by $137,664 to reclassify student body funds previously reported as Agency funds. The student body funds were evaluated to determine if they were custodial funds as identified by GASB 84, but did not meet the definition of custodial funds and were identified as non-fiduciary

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 87, "Leases." Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 91, "Conduit Debt Obligations." Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice

associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023. GASB Statement No. 92, "Omnibus 2020." Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 93, "Replacement of Interbank Offered Rates." Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2021 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash in county treasury investment pool	$ 61,848,904	$ 62,077,745
Cash in revolving fund	25,000	25,000
Cash with fiscal agent	46,655	46,828
Total Government-Wide Cash and Investments	62,071,161	62,300,175
Fiduciary Funds:		
Cash in banks	104,738	104,738
Total Cash and Investments	$ 62,175,899	$ 62,404,913

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2021, the bank balance of the District's accounts with banks was $304,286. As of June 30, 2021, the bank balances of the District's accounts were fully insured by FDIC.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with Education Code Section 41001. The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

Policies and Practices

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk are described below:

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by

investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately $1.626 billion and an amortized book value of $1.595 billion.

B. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least Aa1 by Moody's Investor Service.

C. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

D. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

3. ACCOUNTS RECEIVABLE

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

Description	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 1,654,774	$ -	$ -	$ 79,178	$ 1,733,952
State Government	2,141,526	-	-	4,256	2,145,782
Local and Other Resources	999,692	109,868	21,016	20,457	1,151,033
Total Accounts Receivable	$ 4,795,992	$ 109,868	$ 21,016	$ 103,891	$ 5,030,767

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2021 were as follows:

Capital Assets	Balance July 01, 2020	Additions	Adjustments & Deletions	Balance June 30, 2021
Land - not depreciable	$ 1,456,448	$ -	$ -	$ 1,456,448
Work-in-progress - not depreciable	59,249,920	1,654,039	(29,216,187)	31,687,772
Site improvements	12,095,809	1,071,057	-	13,166,866
Buildings and improvements	79,267,961	30,532,921	-	109,800,882
Furniture and equipment	1,953,113	246,135	-	2,199,248
Total capital assets	154,023,251	33,504,152	(29,216,187)	158,311,216
Less accumulated depreciation for:				
Site improvements	2,826,732	632,028	-	3,458,760
Buildings and improvements	26,807,541	2,153,411	-	28,960,952
Furniture and equipment	1,280,407	108,374	-	1,388,781
Total accumulated depreciation	30,914,680	2,893,813	-	33,808,493
Total capital assets - net depreciation	$ 123,108,571	$ 30,610,339	$ 29,216,187	$ 124,502,723

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 2,687,263
Instruction library, media and technology	42,666
School site administration	15,070
Home-to-school transportation	109,726
All other general administration	27,157
Plant services	11,930
Total depreciation expense	$ 2,893,812

5. TAX AND REVENUE ANTICIPATIONS NOTES

The District issued $14,805,000 in tax and revenue anticipation notes dated August 11, 2020. The notes matured on June 30, 2021 and yielded 2% interest. The notes were sold to supplement cash flow and were repaid from the General Fund.

6. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

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

Fund	Due From	Due To
General Fund	$ 89,962	$ -
Building Fund	-	1,964
Nonmajor Funds	-	87,998
Totals	$ 89,962	$ 89,962

Interfund Receivables/Payables (Due From/Due To)

Interfund receivables and payables consisted of the following as of June 30, 2021:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 235,000
Nonmajor Funds	235,000	-
Totals	$ 235,000	$ 235,000

7. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is the schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021:

Long Term Liabilities	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	$ 129,071,539	$ -	$ 10,965,148	$ 118,106,391	$ 2,431,391
Unamortized Bond Premium	12,385,598	-	511,139	11,874,459	-
Net Pension Liabilities	36,777,456	12,744,562	11,064,453	38,457,565	-
Compensated Absences	372,812	227,425	104,253	495,984	-
Total Long-Term Liabilities	$ 178,607,405	$ 12,971,987	$ 22,644,993	$ 168,934,399	$ 2,431,391

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund using local revenues.

General Obligation Bonds Payable

On August 1, 1996, the District issued $34,996,263 in General Obligation Bonds (GO Bonds). The County Treasurer levies annual ad valorem taxes for required debt service payments. Bond proceeds have been and will be used for improvements and construction at the District's school sites.

On October 25, 2012, the District issued $19,715,860 in Election 2012, Series A GO Bonds. This included principal of $18,000,000, with a premium of $1,715,860. The bonds mature on August 1, 2037. Total debt service for the bonds is $27,843,608. Bond proceeds will be used for improvements and construction at the District's school sites. In August 2017, the District issued 2017 GO Refunding Bonds for the purpose of refunding certain maturities of the outstanding Election 2012 Series A GO Bonds.

On January 14, 2015, the District issued $21,067,416 in Election 2012, Series B GO Bonds. This included principal of $20,000,000, with a premium of $1,067,416. The bonds mature on August 1, 2044. Total debt service for the bonds is $35,591,991. Bond proceeds will be used for improvements and construction at the District's school sites.

On January 18, 2017, the District issued $20,571,771 in Election 2012, Series C GO Bonds. This included principal of $20,000,000 with a premium of $571,771. The bonds mature on August 1, 2046. Total debt service for the bonds is $39,133,222. Bond proceeds will be used for improvements and construction at the District's school sites.

On August 31, 2017, the District issued $4,610,000 in 2017 GO Refunding Bonds for the purpose of partially refunding its outstanding obligation under Election 2012, Series A GO Bonds. The proceeds of the 2017 GO Refunding Bonds were used to defease and redeem $4,700,000 principal amount of the District's outstanding Election 2012, Series A GO Bonds. The amounts defeased have been removed from the government-wide financial statement of net position. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $269,940.

On September 25, 2018, the District issued $35,000,000 in 2018 Series A General Obligation Bonds through Measure M for improvements and construction at District's school sites. The bonds were issued at a premium of $2,509,804 and secured by property taxes. Issuance costs of $313,500 were paid with bond proceeds on issuance. The net deposit into the Building Fund was $34,830,000 and $2,366,304 was deposited into the Bond Interest and Redemption Fund to meet the required debt service reserve.

On June 3, 2020, the District issued $40,000,000 in 2018 Series B General Obligation Bonds through Measure M for improvements and construction at District's school sites. The bonds were issued at a premium of $7,423,745 and secured by property taxes. Issuance costs of $305,000 were paid with bond proceeds on issuance. The net deposit into the Building Fund was $39,825,000 and $7,293,745 was deposited into the Bond Interest and Redemption Fund to meet the required debt service reserve.

The following summarizes the bonds outstanding as of June 30, 2021:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 01, 2020	Issued	Redeemed	Outstanding June 30, 2021
1996	8/1/96	8/1/21	3.75-6%	$ 34,996,263	$ 2,566,539	$ -	$ 1,285,148	$ 1,281,391
2012A	10/25/12	8/1/37	2-5%	18,000,000	9,040,000	-	540,000	8,500,000
2012B	1/14/2015	8/1/44	2-5%	20,000,000	17,960,000	-	75,000	17,885,000
2012C	1/18/2017	8/1/46	3.38-5%	20,000,000	19,960,000	-	-	19,960,000
2017	8/31/2017	8/1/28	2-5%	4,610,000	4,545,000	-	20,000	4,525,000
2018A	9/25/2018	8/1/48	3.5-5%	35,000,000	35,000,000	-	3,065,000	31,935,000
2018B	6/3/2020	8/1/50	4%	40,000,000	40,000,000	-	5,980,000	34,020,000
Total General Obligation Bonds				$172,606,263	$ 129,071,539	$ -	$ 10,965,148	$118,106,391

As of June 30, 2021, the annual debt service requirements of the general obligation bonds were as follows:

Fiscal Year	Principal	Interest	Total
2022	$ 2,431,391	$ 9,324,034	$ 11,755,425
2023	1,300,000	4,980,225	6,280,225
2024	1,490,000	4,923,850	6,413,850
2025	940,000	4,873,275	5,813,275
2026	1,085,000	4,830,425	5,915,425
2027-2031	7,790,000	23,216,044	31,006,044
2032-2036	14,320,000	21,224,378	35,544,378
2037-2041	22,335,000	17,646,914	39,981,914
2042-2046	33,240,000	12,045,250	45,285,250
2043-2047	33,175,000	4,183,777	37,358,777
Total	$ 118,106,391	$ 107,248,172	$ 225,354,563

8. JOINT POWERS AGREEMENTS

The District participates in a joint powers agreement ("JPA") with the San Mateo County Schools Insurance Group ("SMCSIG"). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation of the JPA independent of any influence by the District beyond the District's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The following is a summary of coverage provided by SMCSIG JPA and its most recent financial statement information:

	SMCSIG June 30, 2020
Total Assets and Deferred Outflows	$ 26,765,380
Total Liabilities and Deferred Inflows	11,162,290
Total Equity	15,603,090
Total Revenues	45,275,439
Total Expenditures	45,026,058

9. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims involving the District are currently outstanding. However, management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Federal and State Allowances, Award, and Grants

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

10. CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's CalPERS Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	20.700%	20.700%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the year ended June 30, 2021, the District's contributions were as follows:

	CalPERS
Employer Contributions	$ 1,343,866

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 13,261,225

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	CalPERS
Proportion - June 30, 2020	0.04252%
Proportion - June 30, 2021	0.04322%
Change - Increase/(Decrease)	0.00070%

For the year ended June 30, 2021, the District recognized pension expense of $2,521,335 for the Plan.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 48,629	$ -
Differences between Expected and Actual Experience	657,716	-
Differences between Projected and Actual Investment Earnings	276,057	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	282,213
Change in Employer's Proportion	191,243	176,059
Pension Contributions Made Subsequent to Measurement Date	1,343,866	-
Total	$ 2,517,511	$ 458,272

The District reported $1,343,866 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalPERS
2022	$ 262,722
2023	157,070
2024	168,340
2025	127,241
2026	-
Thereafter	-
Total	$ 715,373

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been

7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts. 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.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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 rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.00% used for this period.
(c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension

liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS
1% Decrease	6.15%
Net Pension Liability	$ 19,065,430
Current	7.15%
Net Pension Liability	$ 13,261,225
1% Increase	8.15%
Net Pension Liability	$ 8,444,027

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

11. CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.150%	16.150%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers'

Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2021, the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 2,480,499
State Contributions	1,490,753
Total	$ 3,971,252

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 25,196,340
State	12,988,713
Total	**$ 38,185,053**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. 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 employers, actuarially determined. The state contributed 10.47 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	CalSTRS
Proportion - June 30, 2020	0.02700%
Proportion - June 30, 2021	0.02600%
Change - Increase/(Decrease)	-0.00100%

For the year ended June 30, 2021, the District recognized pension expense of $4,738,100 for the Plan which included an on-behalf amount of $1,490,753 from the state.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 2,457,000	$ -
Differences between Expected and Actual Experience	44,460	710,580
Differences between Projected and Actual Investment Earnings	598,520	-
Differences between Employer's Contributions and Proportionate Share of Contributions	53,349	619,896
Change in Employer's Proportion	-	1,380,969
Pension Contributions Made Subsequent to Measurement Date	2,480,499	-
Total	$ 5,633,828	$ 2,711,445

The District reported $2,480,499 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalSTRS
2022	$ (215,215)
2023	402,285
2024	652,763
2025	58,679
2026	(303,560)
Thereafter	(153,068)
Total	$ 441,884

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2016 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. 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 in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) Real return is net of assumed 2.75% inflation.
(b) 20-year geometric average.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated

using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 38,068,160
Current	7.10%
Net Pension Liability	$ 25,196,340
1% Increase	8.10%
Net Pension Liability	$ 14,568,840

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

12. COVID 19

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

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REQUIRED SUPPLEMENTARY INFORMATION

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
LCFF sources	$ 30,176,046	$ 32,035,887	$ 32,022,050	$ (13,837)
Federal revenues	1,196,130	3,548,867	3,102,460	(446,407)
Other state	2,522,267	5,288,331	5,309,427	21,096
Other local	2,670,962	3,376,767	3,367,429	(9,338)
Total revenues	36,565,405	44,249,852	43,801,366	(448,486)
Expenditures:				
Certificated salaries	15,591,081	16,133,968	16,044,301	89,667
Classified salaries	6,386,211	6,383,727	6,383,728	(1)
Employee benefits	9,719,643	9,884,086	9,884,086	-
Books and supplies	1,166,362	2,473,194	2,289,802	183,392
Services and other operating expenditures	5,551,685	5,518,201	5,520,175	(1,974)
Capital outlay	26,500	170,723	95,775	74,948
Other outgo	311,334	471,613	322,947	148,666
Total expenditures	38,752,816	41,035,512	40,540,814	494,698
Excess (deficiency) of revenues over (under) expenditures	(2,187,411)	3,214,340	3,260,552	46,212
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(332,544)	(400,000)	(235,000)	165,000
Total other financing sources (uses)	(332,544)	(400,000)	(235,000)	165,000
Change in fund balance	(2,519,955)	2,814,340	3,025,552	211,212
Fund balances beginning	6,104,457	6,104,457	6,104,457	-
Prior period restatement	137,664	137,664	137,664	-
Fund balances beginning - restated	6,242,121	6,242,121	6,242,121	-
Fund balances ending	$ 3,722,166	$ 9,056,461	$ 9,267,673	$ 211,212

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by major object. Any excesses were not in accordance with Education Code 42600.

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	$ 542,031	$ 647,624	$ 760,509	$ 905,457	$ 1,072,486	$ 1,260,202	$ 1,343,866
Contributions in Relation to Contractually Required Contributions	542,031	647,624	760,509	905,457	1,072,486	1,260,202	1,343,866
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 4,604,800**	**$ 5,466,565**	**$ 5,476,015**	**$ 5,829,998**	**$ 5,937,803**	**$ 6,390,153**	**$ 6,504,046**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.72%**	**20.66%**

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4.1 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions were adjusted in the District's fiscal year 2019.

CalSTRS	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	$ 1,192,438	$ 1,534,386	$ 1,800,800	$ 2,158,869	$ 2,396,832	$ 2,490,591	$ 2,480,499
Contributions in Relation to Contractually Required Contributions	1,192,438	1,534,386	1,800,800	2,158,869	2,396,832	2,490,591	2,480,499
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 13,428,356**	**$ 14,299,963**	**$ 14,314,785**	**$ 14,960,977**	**$ 14,722,555**	**$ 14,564,860**	**$ 15,329,739**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**17.10%**	**16.18%**

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule provides information about the District’s required and actual contributions to PERS & STRS during the year.

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CalPERS	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.04170%	0.03972%	0.04121%	0.04294%	0.04408%	0.04252%	0.04322%
District's Proportionate Share of Net Pension Liability	$ 4,733,965	$ 5,855,010	$ 8,139,553	$ 10,250,911	$ 11,753,116	$ 12,392,136	$ 13,261,225
District's Covered Payroll	$ 4,379,400	$ 4,604,800	$ 5,466,565	$ 5,476,015	$ 5,829,998	$ 5,937,803	$ 6,390,153
District's Proportionate Share of NPL as a % of Covered Payroll	**108.10%**	**127.15%**	**148.90%**	**187.20%**	**201.60%**	**208.70%**	**207.53%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**	**70.00%**

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

CalSTRS	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.02800%	0.02490%	0.02559%	0.02700%	0.02700%	0.02700%	0.02600%
District's Proportionate Share of Net Pension Liability	$ 16,362,360	$ 16,763,831	$ 20,695,361	$ 24,969,330	$ 24,814,890	$ 24,385,320	$ 25,196,340
State's Proportionate Share of Net Pension Liability Associated with the District	9,880,247	8,866,223	11,781,455	14,771,606	14,207,765	13,303,899	12,988,713
Total	$ 26,242,607	$ 25,630,054	$ 32,476,816	$ 39,740,936	$ 39,022,655	$ 37,689,219	$ 38,185,053
District's Covered Payroll	$ 12,630,436	$ 13,428,356	$ 14,299,963	$ 14,314,785	$ 14,960,977	$ 14,722,555	$ 14,564,860
District's Proportionate Share of NPL as a % of Covered Payroll	**129.55%**	**124.84%**	**144.72%**	**174.43%**	**165.86%**	**165.63%**	**172.99%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**	**71.82%**

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District’s portion of the net pension liability of PERS & STRS in compliance with GASB 68.

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds
Combining Schedules

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

	Special Revenue Funds				Capital Projects Fund	
	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds
Assets						
Cash and investments	$ 155,705	$ 2,789	$ 11,478	$ 236	$ 1,723,400	$ 1,893,608
Accounts receivable	13,254	20,118	66,264	-	4,255	103,891
Prepaid items and inventory	-	-	4,019	-	-	4,019
Total Assets	$ 168,959	$ 22,907	$ 81,761	$ 236	$ 1,727,655	$ 2,001,518
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 310	$ 4,793	$ 23,109	$ -	$ 1,186	$ 29,398
Due to other funds	20,234	17,155	50,609	-	-	87,998
Total Liabilities	20,544	21,948	73,718	-	1,186	117,396
Fund Balances:						
Nonspendable stores inventories	-	-	4,019	-	-	4,019
Restricted for adult education	148,415	-	-	-	-	148,415
Restricted for cafeteria programs	-	-	4,024	-	-	4,024
Restricted for capital projects	-	-	-	-	1,726,469	1,726,469
Assigned for site repairs	-	-	-	236	-	236
Assigned for child development	-	959	-	-	-	959
Total Fund Balances	148,415	959	8,043	236	1,726,469	1,884,122
Total Liabilities and Fund Balances	$ 168,959	$ 22,907	$ 81,761	$ 236	$ 1,727,655	$ 2,001,518

CABRILLO UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				Capital Projects Fund	
	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds
Revenues:						
Federal revenue	$ 43,346	$ -	$ 328,780	$ -	$ -	$ 372,126
Other state	348,935	218,633	62,929	-	-	630,497
Other local	1,710	(315)	40,688	3	231,832	273,918
Total revenues	393,991	218,318	432,397	3	231,832	1,276,541
Expenditures:						
Current						
Instruction	2,104	160,717	-	-	-	162,821
Instruction-related services:						
Supervision of instruction	29,706	57,916	-	-	-	87,622
School site administration	275,541	-	-	-	-	275,541
Pupil services:						
Food services	-	-	668,006	-	-	668,006
General administration:						
All other general administration	11,350	-	-	-	-	11,350
Plant services	-	-	1,498	-	16,109	17,607
Total expenditures	318,701	218,633	669,504	-	16,109	1,222,947
Excess (deficiency) of revenues over (under) expenditures	75,290	(315)	(237,107)	3	215,723	53,594
Other financing sources (uses):						
Transfers in	-	-	235,000	-	-	235,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	235,000	-	-	235,000
Change in fund balances	75,290	(315)	(2,107)	3	215,723	288,594
Fund balances beginning	73,125	1,274	10,150	233	1,510,746	1,595,528
Fund balances ending	$ 148,415	$ 959	$ 8,043	$ 236	$ 1,726,469	$ 1,884,122

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STATE AND FEDERAL AWARD COMPLIANCE SECTION

CABRILLO UNIFIED SCHOOL DISTRICT
ORGANIZATION (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Cabrillo Unified School District was established in 1965 and is located in San Mateo County. There were no changes in the boundaries of the District during the current fiscal year. The District has five schools providing kindergarten through twelfth grade education.

Governing Board

Name	Office	Term Expires
Lizet Cortes	President	2022
May Beth Alexander	Vice President	2022
Freya McCamant	Clerk	2022
Sophia Layne	Member	2024
Kimberly Hines	Member	2024

Administration

Sean McPhetridge, Ed.D.
Superintendent

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Grade Level	Minutes Requirements	2021 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	n/a	180	0	In compliance
Grade 1	50,400	n/a	180	0	In compliance
Grade 2	50,400	n/a	180	0	In compliance
Grade 3	50,400	n/a	180	0	In compliance
Grade 4	54,000	n/a	180	0	In compliance
Grade 5	54,000	n/a	180	0	In compliance
Grade 6	54,000	n/a	180	0	In compliance
Grade 7	54,000	n/a	180	0	In compliance
Grade 8	54,000	n/a	180	0	In compliance
Grade 9	64,800	n/a	180	0	In compliance
Grade 10	64,800	n/a	180	0	In compliance
Grade 11	64,800	n/a	180	0	In compliance
Grade 12	64,800	n/a	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts. However, for fiscal year 2021, districts are only required to offer a minimum number of days based on Education Code Section 46200, chapter 2, part 26. This schedule reports the District's compliance with this Ed. Code Section.

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	(Budget [1]) 2022	2021	2020	2019
General Fund				
Revenues and other financial sources	$ 39,124,691	$ 43,801,366	$ 39,267,904	$ 39,429,924
Expenditures	38,232,861	40,540,814	38,058,854	38,803,855
Other uses and transfers (out)	400,000	235,000	325,000	138,419
Total outgo	38,632,861	40,775,814	38,383,854	38,942,274
Change in fund balance	$ 491,830	$ 3,025,552	$ 884,050	$ 487,650
Ending fund balance	$ 9,759,503	$ 9,267,673	$ 6,104,457	$ 5,220,407
Available reserves [2]	$ 7,222,892	$ 6,691,359	$ 5,409,409	$ 4,611,913
Designated for economic uncertainty	$ -	$ -	$ 1,225,028	$ 1,240,418
Unassigned fund balance	$ 7,222,892	$ 6,691,359	$ 4,184,381	$ 3,371,495
Available reserves as a percentage of total outgo	19%	16%	14%	12%
Total long-term liabilities	$ 166,503,008	$ 168,934,399	$ 178,607,405	$ 133,166,002
Average daily attendance (ADA) at P-2	2,964	2,961	2,961	3,021

ADA has decreased by 60 since 2019. The district anticipates an increase of 3 ADA in 2021/22.

The general fund balance has increased by $4,047,266 since 2019. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district operated at a surplus in each of the past three years. Total long-term debt has increased by $35,768,397 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2021/22.

[2] Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PROGRAM NAME	Federal Catalog Number		Pass Through Number	Program Expenditures
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555		13391	$ 250,392
School Breakfast Program	10.553		13391	78,388
Total Child Nutrition Cluster				328,780
Forest Reserve Funds	10.665		10044	51,376
TOTAL U.S. DEPARTMENT OF AGRICULTURE				380,156
U. S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
Special Education Cluster				
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027		13379	408,145
Special Ed: IDEA Preschool Grants, Part B, Sec 619	84.173		13430	10,346
Special Education: IDEA Local Assistance, Part B, Sec 611	84.027		10119	866
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173		13431	139
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027		10115	13,416
Total Special Education Cluster				432,912
Title I, Part C				
NCLB: Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011		14326	107,184
NCLB: Title I, Migrant Education Summer Program	84.011		10005	41,039
NCLB: Title I, Part C, Even Start Migrant Education (MEES)	84.011		14768	14,845
Total Title I, Part C				163,068
Adult Education				
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A		14508	27,308
Adult Education: Adult Secondary Education (Section 231)	84.002		13978	1,674
Adult Education: English Literacy & Civics Education	84.002		14750	14,364
Total Adult Education				43,346
NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	84.010		14329	119,794
Department of Rehab: Workability II, Transition Partnership	84.126		10006	73,643
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048		14894	14,917
ESEA (ESSA): Title II, Part A, Teacher Quality Local Grants	84.367		14341	14,397
Education Stabilization Fund (ESF)				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		15536	96,882
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D		15547	382,922
Total Education Stabilization Fund (ESF)				479,804
Governor's Emergency Education Relief (GEER) Fund: Learning LossMitigation	84.424C		15517	182,425
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	13,742
ESEA (ESSA) : Title III, Immigrant Student Program	84.365		15146	4,719
NCLB: Title III, English Learner Student Program	84.365		14346	60,775
TOTAL U. S. DEPARTMENT OF EDUCATION				1,603,542
U. S. DEPARTMENT OF TREASURY				
Passed Through California Department of Education				
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(1)	25516	1,477,611
TOTAL U. S. DEPARTMENT OF TREASURY				1,477,611
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through California Department of Education				
Medi-Cal Billing Option	93.778		10013	13,277
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				13,277
TOTAL FEDERAL PROGRAMS				$ 3,474,586

(1) Audited as major program

CABRILLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (SACS)
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2021 Annual Financial and Budget Report (SACS) Fund Balances	$ 9,046,726	$ 41,654,477	$ 9,896,550	$ 2,105,069
Adjustments & Reclassifications:				
Special Reserve Fund for Other Than Capital Outlay:				
Cash with County Treasury	74,215	-	-	(74,215)
Accounts receivable	185	-	-	(185)
Student Activity Special Revenue Fund				
Cash with County Treasury	150,602	-	-	(150,602)
Accouts payable	(4,055)	-	-	4,055
June 30, 2021 Audited Financial Statements Fund Balances	$ 9,267,673	$ 41,654,477	$ 9,896,550	$ 1,884,122

1. PURPOSE OF SCHEDULES

A. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

B. Schedule of Financial Trends and Analysis

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

C. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

D. 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 reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore,

some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 allowed 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 has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, 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 the District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

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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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as finding 2021-001.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

C & A LLP

January 5, 2022
San Jose, California

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Chavan and Associates, llp
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Cabrillo Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

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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 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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

C & A LLP

January 5, 2022
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, California

Compliance

We have audited the Cabrillo Unified School District (the District)'s compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A

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Description	Procedures Performed
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Job Acts	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	N/A
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

Opinion

In our opinion, Cabrillo Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2021.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above, which are required to be reported in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which are described in the accompanying schedule of findings and questioned costs as finding 2021-001.

District's Response to Findings

The District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response

C & A LLP

January 5, 2022
San Jose, California

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FINDINGS AND RECOMMENDATIONS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes **x** No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes **x** No
Non-compliance material to financial statements noted?	____ Yes **x** No

Federal Awards

Internal control over major programs:	
Material weaknesses?	____ Yes **x** No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes **x** No
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____ Yes **x** No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	____ Yes **x** No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes **x** No
Significant deficiencies identified not considered to be material weaknesses?	**x** Yes ____ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

Finding 2021-001; Instructional Materials (70000)

***Criteria or Specific Requirements**:*

EDUCATION CODE
TITLE 2. ELEMENTARY AND SECONDARY EDUCATION [33000 - 65001]
(Title 2 enacted by Stats. 1976, Ch. 1010.)

DIVISION 4. INSTRUCTION AND SERVICES [46000 - 65001]
(Division 4 enacted by Stats. 1976, Ch. 1010.)

PART 33. INSTRUCTIONAL MATERIALS AND TESTING [60000 - 60901]
(Part 33 enacted by Stats. 1976, Ch. 1010.)

CHAPTER 1. Instructional Materials [60000 - 60119]
(Chapter 1 enacted by Stats. 1976, Ch. 1010.)

ARTICLE 7. Public Hearings, Instructional Materials [60119- 60119.]
(Heading of Article 7 amended by Stats. 2015, Ch. 19, Sec. 117.)

California Education Code section 60119(a)(1)(A) requires the governing board to hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interest in the affairs of the school district, and bargaining unit leaders for the purpose of making a determination of the sufficiency of the District's textbooks or instructional materials or both.

California Education Code section 60119(a)(1)(B) requires the public hearing to take place on or before the end of the eighth week from the first day pupils attend school for that year.

Condition: The District held its public hearing in April of 2021, which did not meet the end of the eight weeks from the first day pupils attend school requirement of Ed. Code section 60119(a)(1)(B).

Questioned Costs: None

Effect: The District was non-compliant with this Ed. Code, did not determine the sufficiency of textbooks and/or instructional materials in the required timeframe, and did not provide parents, teachers, members of the community, and bargaining unit leaders an opportunity to comment at a public hearing held within the required time frame.

Cause: This was caused by a management oversight related to COVID-19.

Recommendation: We recommend the District create a recurring shared calendar item that notifies management responsible of the instructional materials when the public hearings and related public notices are due in relation to the first day of the school year.

Corrective Action Plan: The District has set-up a system to ensure the public hearing for sufficient instructional materials is scheduled and conducted as required within the first eight (8) weeks of instruction of every school year.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

Finding 2020-001: Instructional Materials (70000)

***Criteria or Specific Requirements**:* California Education Code section 60119(b) requires the governing board to hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interest in the affairs of the school district, and bargaining unit leaders for the purpose of making a determination of the sufficiency of the District's textbooks or instructional materials or both. The governing board shall provide a 10 days' notice of the public hearing or hearings.

Condition: The District only provided 3 days' notice of the public hearing.

Questioned Costs: None

Effect: The District did not provide sufficient time, according to California Education Code noted above, to ensure participation by all parties.

Cause: The District is not in compliance with California Education Code section 60119(b).

Recommendation: The District should ensure all public hears for California Education Code section 60119(b) requirements are adhered to.

Corrective Action Plan: The District will create a policy to ensure the 10-day requirement is met.

***Status*:** The corrective action plan was not implemented. See finding 2021-001.

* * *

C&A wishes to express our thanks and appreciation for the help and cooperation of the District office staff during the course of our audit.