

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
COUNTY OF ALPINE  
MARKLEEVILLE, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2020**

# ALPINE COUNTY UNIFIED SCHOOL DISTRICT

JUNE 30, 2020

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# ALPINE COUNTY UNIFIED SCHOOL DISTRICT

JUNE 30, 2020

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## FINANCIAL SECTION

# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Alpine County Unified School District  
Markleeville, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alpine County Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alpine County Unified School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alpine County Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 on our consideration of the Alpine County Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alpine County Unified School 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 Alpine County Unified School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 27, 2021

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of Alpine County Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**FINANCIAL HIGHLIGHTS**

- During March 2020, District schools were closed for the remainder of the 2019-20 school year to address health concerns related to the Covid-19 outbreak.
- Fiscal year 2019-20 is the sixth year the District has been required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's overall financial status declined during the course of the year as total net position decreased 4.9%.
- On the Statement of Activities, total current year expenses exceeded total current year revenues by \$256,957.
- Net capital assets increased \$399,711, due to the current year addition of \$569,366 of new capital assets and improvements, and the current year recognition of \$169,655 of depreciation expense.
- Total long-term liabilities increased \$418,221 due primarily to the increase in the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.
- The District's P-2 average daily attendance (ADA) decreased from 75 ADA in fiscal year 2018-19 down to 66 ADA in fiscal year 2019-20, a decreased of 9 ADA or 12%.
- The District's General Fund incurred an operating deficit of \$299,848 during fiscal year 2019-20 and recognized a \$332,203 decrease in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 5% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2019-20, total General Fund expenditures and other financing uses totaled \$3,376,558. At June 30, 2020, the District had available reserves of \$3,497,322 in the General Fund which represents a reserve of 103.6%.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- 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 comprise the remaining statements.
  - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

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 provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

**Reporting the District as a Whole (Concluded)**

In the Statement of Net Position and the Statement of Activities all amounts presented represent governmental activities, since the District does not provide any services that should be categorized as business-type activities.

The basic services provided by the District, such as regular and special education, administration, and special education transportation are included here, and are primarily financed by property taxes. Non-basic services, such as child nutrition and adult education are also included here, but are financed by a combination of state and federal contracts and grants, and local revenues.

**Reporting the District's Most Significant Funds**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

*Governmental Funds:*

The major governmental funds of the Alpine County Unified School District are the General Fund, Building Fund, and Capital Projects - Special Reserve Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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

The District's net position decreased from \$5,284,573 at June 30, 2019, down to \$5,027,616 at June 30, 2020, a decrease of 4.9%.

<b><u>Comparative Statement of Net Position</u></b>		
	Governmental Activities	
	2019	2020
<b><u>Assets</u></b>		
Deposits and Investments	\$ 7,543,841	\$ 7,366,451
Receivables	170,356	361,532
Note Receivable	21,912	0
Prepaid Expenses	18,714	14,516
Capital Assets, net	2,385,897	2,785,608
Total Assets	10,140,720	10,528,107
<b><u>Deferred Outflow of Resources</u></b>		
Pension Deferrals	794,304	937,905
<b><u>Liabilities</u></b>		
Current	233,076	871,039
Long-Term	4,986,863	5,217,272
Total Liabilities	5,219,939	6,088,311
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	430,512	350,085
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	1,661,786	1,732,622
Restricted	610,031	778,522
Unrestricted	3,012,756	2,516,472
Total Net Position	\$ 5,284,573	\$ 5,027,616
<i>Table includes financial data of the combined governmental funds</i>		

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

The District's total current year expenses exceeded total current year revenues by \$256,957.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	Governmental Activities	
	2019	2020
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 661	\$ 178
Operating Grants & Contributions	607,300	508,772
<b><u>General Revenues</u></b>		
Taxes Levied	1,437,363	1,634,918
Federal & State Aid	1,054,154	1,127,395
Interest & Investment Earnings	106,501	150,972
Other Revenues	178,183	62,648
<b>Total Revenues</b>	<b>3,384,162</b>	<b>3,484,883</b>
<b><u>Expenses</u></b>		
Instruction	1,545,997	1,655,094
Instruction-Related Services	499,368	535,027
Pupil Services	443,927	509,629
General Administration	724,919	575,726
Plant Services	301,006	371,211
Other Expenses	167,534	95,153
<b>Total Expenses</b>	<b>3,682,751</b>	<b>3,741,840</b>
<b>Changes in Net Position</b>	<b>\$ (298,589)</b>	<b>\$ (256,957)</b>

*Table includes financial data of the combined governmental funds*

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

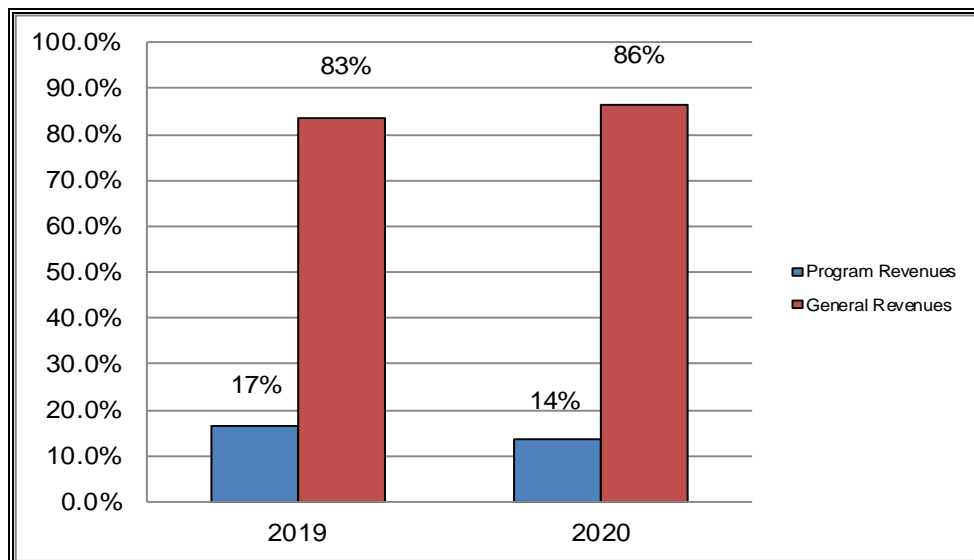
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Comparative Schedule of Costs of Services**

	Total Cost of Services		Net Cost of Services	
	2019	2020	2019	2020
Instruction	\$ 1,545,997	\$ 1,655,094	\$ 1,182,922	\$ 1,321,269
Instruction-Related Services	499,368	535,027	469,677	521,050
Pupil Services	443,927	509,629	339,343	391,375
General Administration	724,919	575,726	671,555	539,668
Plant Services	301,006	371,211	209,914	368,095
Other Expenses	167,534	95,153	201,379	91,433
Totals	<u>\$ 3,682,751</u>	<u>\$ 3,741,840</u>	<u>\$ 3,074,790</u>	<u>\$ 3,232,890</u>

*Table includes financial data of the combined governmental funds*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$3,232,890 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2019-20, program revenues financed 14% of the total cost of providing the services listed above, while the remaining 86% was financed by the general revenues of the District.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

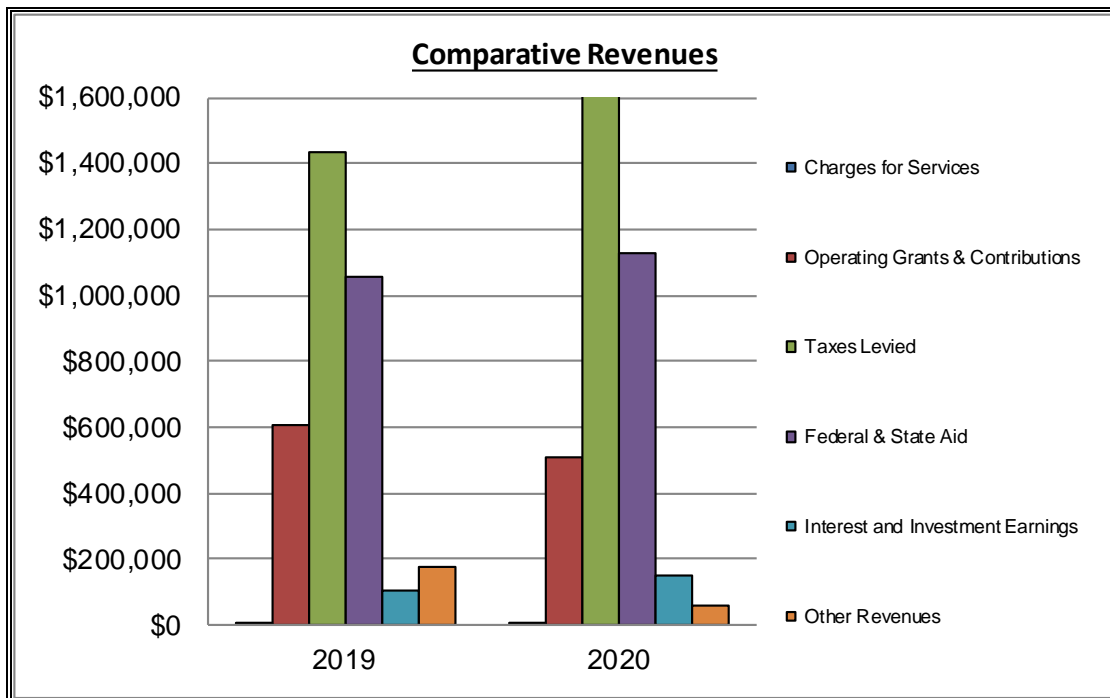
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Revenues For Governmental Functions**

	FYE 2019 Amount	Percent of Total	FYE 2020 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 661	0.02%	\$ 178	0.01%
Operating Grants & Contributions	607,300	17.95%	508,772	14.60%
<u>General Revenues</u>				
Taxes Levied	1,437,363	42.47%	1,634,918	46.91%
Federal & State Aid	1,054,154	31.15%	1,127,395	32.35%
Interest & Investment Earnings	106,501	3.15%	150,972	4.33%
Other Revenues	178,183	5.27%	62,648	1.80%
Total Revenues	<u>\$ 3,384,162</u>	<u>100.00%</u>	<u>\$ 3,484,883</u>	<u>100.00%</u>

*Table includes financial data of the combined governmental funds*



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

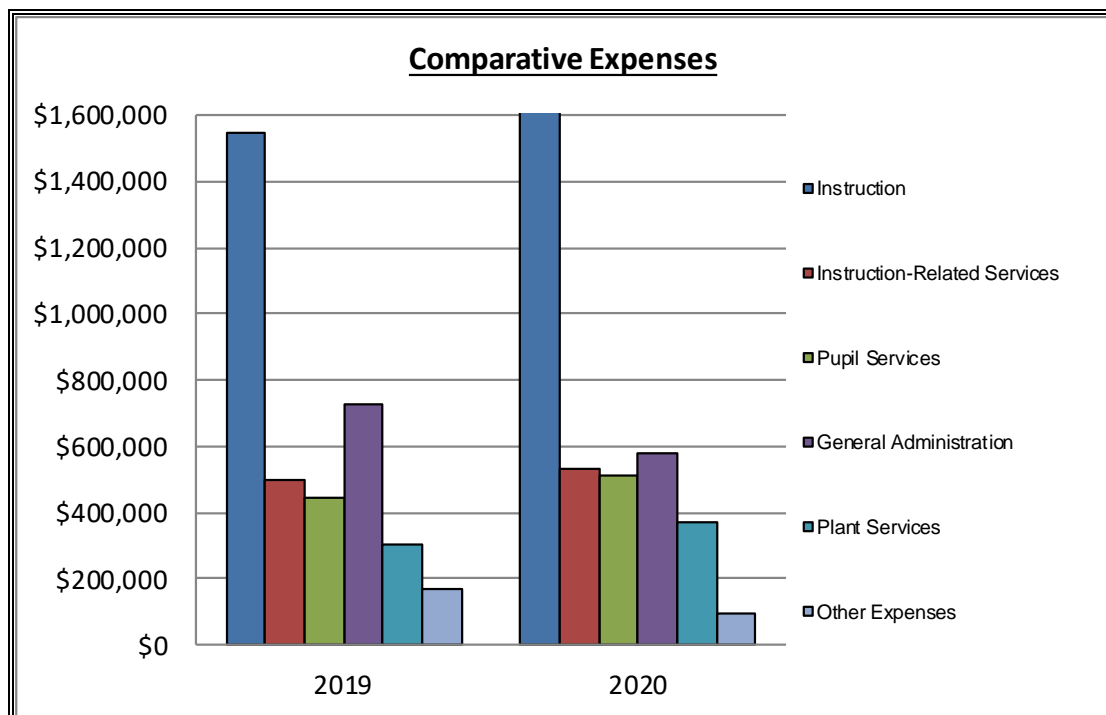
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Expenses For Governmental Functions**

<u>Expenses</u>	<u>FYE 2019 Amount</u>	<u>Percent of Total</u>	<u>FYE 2020 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 1,545,997	41.98%	\$ 1,655,094	44.23%
Instruction-Related Services	499,368	13.56%	535,027	14.30%
Pupil Services	443,927	12.05%	509,629	13.62%
General Administration	724,919	19.68%	575,726	15.39%
Plant Services	301,006	8.17%	371,211	9.92%
Other Expenses	167,534	4.55%	95,153	2.54%
<b>Total Expenses</b>	<b>\$ 3,682,751</b>	<b>100.00%</b>	<b>\$ 3,741,840</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds*



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

<b><u>Comparative Schedule of Capital Assets</u></b>		
	Governmental Activities	
	2019	2020
Land	\$ 140,370	\$ 140,370
Sites and Improvements	791,245	791,245
Buildings and Improvements	2,846,544	3,702,050
Furniture and Equipment	981,208	981,208
Construction-in-Progress	701,755	415,615
Subtotals	5,461,122	6,030,488
Less: Accumulated Depreciation	(3,075,225)	(3,244,880)
Capital Assets, net	<u>\$ 2,385,897</u>	<u>\$ 2,785,608</u>

Net capital assets increased \$399,711, due to the current year addition of \$569,366 of new capital assets and improvements, and the current year recognition of \$169,655 of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	Governmental Activities	
	2019	2020
Compensated Absences	\$ 40,874	\$ 33,686
General Obligation Bonds	2,526,915	2,519,372
Net Pension Liabilities	2,467,491	2,900,443
Totals	<u>\$ 5,035,280</u>	<u>\$ 5,453,501</u>

The general obligation bonds are financed by the local taxpayers and represent 46% of the District's total long-term liabilities, and the net pension liabilities represent 53%. The District has satisfied all debt service requirements on its bonded debt and continues to maintain an excellent credit rating on its debt issue. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

(PREPARED BY DISTRICT MANAGEMENT)

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

The fund balance of the General Fund decreased \$299,848, the fund balance of the Building Fund decreased \$336,418 due to expending bond proceeds received in the prior fiscal year, and the combined fund balances of all other District governmental funds increased \$197,471.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time.

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

The District will continue to be impacted by the on-going health concerns associated with Covid-19. Since the virus is still very contagious, the District has already modified most of its operational procedures as most aspects of its operations were directly affected by Covid-19. However, due to the unknown nature of the virus and the everchanging guidance provided by the California Department of Education, further procedural modifications will likely be necessary. In addition, State and Local economies have also been severely impacted by Covid-19, which may adversely affect future school funding and student enrollment.

The District is expected to maintain its basic aid (community funded) status during fiscal year 2020-21. As a result, any increase in student enrollment will likely reduce per pupil funding, while any decrease in average daily attendance will likely increase per pupil funding.

As a result, school district budgets should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**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 the District Office, Alpine County Unified School District, 43 Hawkside Drive, Markleeville, California 96120.

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

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 7,366,451
Receivables (Note 3)	361,532
Prepaid Expenses (Note 1H)	14,516
Capital Assets, Not Depreciated (Note 5)	555,985
Capital Assets, Net of Accumulated Depreciation	2,229,623
Total Assets	<u>10,528,107</u>
<b><u>Deferred Outflows of Resources</u></b>	
Pension Deferrals (Note 7)	<u>937,905</u>
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	534,419
Accrued Interest Payable	39,622
Unearned Revenue (Note 1H)	60,769
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	33,686
General Obligation Bonds (Note 6)	202,543
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 6)	2,316,829
Net Pension Liabilities (Note 7)	2,900,443
Total Liabilities	<u>6,088,311</u>
<b><u>Deferred Inflows of Resources</u></b>	
Pension Deferrals (Note 7)	<u>350,085</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	1,732,622
Restricted:	
For Capital Projects	173,464
For Debt Service	369,480
For Educational Programs	211,062
For Other Purposes	24,516
Unrestricted	2,516,472
Total Net Position	<u><u>\$ 5,027,616</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
			Operating Grants and Contributions	Capital Grants and Contributions	
Functions	Expenses	Charges for Services			Governmental Activities
<b><u>Governmental Activities</u></b>					
Instruction	\$ 1,655,094		\$ 333,825		\$ (1,321,269)
Instruction-Related Services:					
Instructional Library and Technology	302,358		1,686		(300,672)
School Site Administration	232,669		12,291		(220,378)
Pupil Services:					
Home-to-School Transportation	286,218		122		(286,096)
Food Services	112,227	\$ 169	47,742		(64,316)
Other Pupil Services	111,184		70,221		(40,963)
General Administration:					
Data Processing Services	3,873				(3,873)
Other General Administration	571,853	9	36,049		(535,795)
Plant Services	371,211		3,116		(368,095)
Ancillary Services	10,626		3,720		(6,906)
Interest on Long-Term Debt	84,527				(84,527)
Total Governmental Activities	<u>\$ 3,741,840</u>	<u>\$ 178</u>	<u>\$ 508,772</u>	<u>\$ 0</u>	<u>(3,232,890)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					1,390,602
Taxes Levied for Debt Service					244,316
Federal and State Aid - Unrestricted					1,127,395
Interest and Investment Earnings					150,972
Miscellaneous					62,648
Total General Revenues					<u>2,975,933</u>
Change in Net Position					(256,957)
Net Position - July 1, 2019					<u>5,284,573</u>
Net Position - June 30, 2020					<u>\$ 5,027,616</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

	<b>General</b>	<b>Building</b>	<b>Capital Projects - Special Reserve</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>					
Deposits and Investments (Note 2)	\$ 3,921,931	\$ 1,469,461	\$ 1,124,562	\$ 850,497	\$ 7,366,451
Receivables (Note 3)	352,162			9,370	361,532
Due from Other Funds (Note 4)				33,500	33,500
Prepaid Expenditures (Note 1H)	14,516				14,516
Total Assets	<u>\$ 4,288,609</u>	<u>\$ 1,469,461</u>	<u>\$ 1,124,562</u>	<u>\$ 893,367</u>	<u>\$ 7,775,999</u>
<b><u>Liabilities and Fund Balances</u></b>					
Liabilities:					
Accounts Payable	\$ 526,191	\$ 3,075	\$ 3,300	\$ 1,853	\$ 534,419
Due to Other Funds (Note 4)	33,500				33,500
Unearned Revenue (Note 1H)	60,769				60,769
Total Liabilities	<u>620,460</u>	<u>3,075</u>	<u>3,300</u>	<u>1,853</u>	<u>628,688</u>
Fund Balances: (Note 9)					
Nonspendable	24,516				24,516
Restricted	103,014	1,466,386		690,614	2,260,014
Committed				200,900	200,900
Assigned	43,297		1,121,262		1,164,559
Unassigned	3,497,322				3,497,322
Total Fund Balances	<u>3,668,149</u>	<u>1,466,386</u>	<u>1,121,262</u>	<u>891,514</u>	<u>7,147,311</u>
Total Liabilities and Fund Balances	<u>\$ 4,288,609</u>	<u>\$ 1,469,461</u>	<u>\$ 1,124,562</u>	<u>\$ 893,367</u>	<u>\$ 7,775,999</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>7,147,311</b>
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Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

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

Capital Assets	\$ 6,030,488	
Accumulated Depreciation	<u>(3,244,880)</u>	
Net		2,785,608

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

587,820

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:

Compensated Absences	33,686	
General Obligation Bonds	2,519,372	
Net Pension Liabilities	<u>2,900,443</u>	
		(5,453,501)

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

(39,622)

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>5,027,616</u></b>
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**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>General</b>	<b>Building</b>	<b>Capital Projects - Special Reserve</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Revenues</u></b>					
LCFF Sources:					
State Apportionment / Transfers	\$ 468,643			\$ 30,990	\$ 499,633
Local Taxes	1,421,592				1,421,592
Total LCFF Sources	1,890,235			30,990	1,921,225
Federal Revenue	648,708			46,472	695,180
State Revenue	325,981			3,713	329,694
Local Revenue	211,786	\$ 39,427	\$ 24,887	262,684	538,784
Total Revenues	3,076,710	39,427	24,887	343,859	3,484,883
<b><u>Expenditures</u></b>					
Current:					
Instruction	1,542,013				1,542,013
Instructional Library and Technology	240,527				240,527
School Site Administration	220,898				220,898
Home-To-School Transportation	239,892				239,892
Food Services				97,383	97,383
Other Pupil Services	102,431			3,284	105,715
Data Processing Services	3,693				3,693
Other General Administration	502,346			4,986	507,332
Plant Services	298,035				298,035
Facilities Acquisition and Construction	164,092	375,845		49,237	589,174
Ancillary Services	10,626				10,626
Debt Service:					
Interest and Issuance Costs				68,390	68,390
Total Expenditures	3,324,553	375,845	0	223,280	3,923,678
Excess of Revenues Over (Under) Expenditures	(247,843)	(336,418)	24,887	120,579	(438,795)
<b><u>Other Financing Sources (Uses)</u></b>					
Operating Transfers In				52,005	52,005
Operating Transfers Out	(52,005)				(52,005)
Total Other Financing Sources (Uses)	(52,005)	0	0	52,005	0
Net Change in Fund Balances	(299,848)	(336,418)	24,887	172,584	(438,795)
Fund Balances - July 1, 2019	3,967,997	1,802,804	1,096,375	718,930	7,586,106
Fund Balances - June 30, 2020	\$ 3,668,149	\$ 1,466,386	\$ 1,121,262	\$ 891,514	\$ 7,147,311

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALPINE COUNTY 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, 2020**

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<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>(438,795)</b>
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlays	\$	569,366	
Depreciation Expense		(169,655)	
Net			399,711

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:

7,188

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

7,543

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

(208,924)

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

(23,680)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(256,957)</b>
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**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Alpine County Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees elected by registered voters of the District, which comprises an area in Alpine County. The District was established in 1964 and serves students in kindergarten through grade twelve.

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).

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has identified no organizations that are required to be reported as component units.

**B. 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 and its component units, when applicable. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial 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, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Concluded)**

**Government-wide Financial Statements (Concluded):**

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 which 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.

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 and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases and decreases in net current assets.

**C. 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.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Concluded)**

**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. Under the 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 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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.

**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 unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

**Expenses/Expenditures:**

On an 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.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. 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, liabilities, 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 maintains the following governmental fund types:

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

*Special Revenue Funds* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

*Debt Service Funds* - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into major and non-major funds as follows:

**Major Governmental Funds:**

The *General Fund* is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

The *Capital Projects - Special Reserve Fund* was established to account for financial resources received and expenditures made to complete major facilities modifications.

**Non-major Governmental Funds:**

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

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeteria program.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Concluded)**

Non-major Governmental Funds (Concluded):

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

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

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).

**E. Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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 and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 49.

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.

**F. Use of Estimates**

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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 at June 30.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity**

**1. Deposits and Investments**

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

The District is authorized under California Government Code 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. Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**2. Prepaid Expenses / Expenditures**

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

Reported prepaid expenses/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

**3. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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:

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)**

**3. Capital Assets (Concluded)**

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	20-30
Buildings and Improvements	25-50
Furniture and Equipment	5-20

**4. Deferred Outflows/Inflows of Resources**

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

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

**5. Unearned Revenue**

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

**6. Compensated Absences**

All vacation pay is accrued when incurred in the government-wide financial statements.

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.

**7. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)**

**7. Pensions (Concluded)**

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.

**8. Long-term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums and issue discounts are deferred and amortized over the life of the bonds, when material. Bonds payable are reported net of applicable bond premium or discount. In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the year of issuance. The face amount of the debt issued, premiums, or discounts is reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**9. Fund Balances**

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

*Nonspendable Fund Balance* consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.

*Restricted Fund Balance* consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (Governing Board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds. In accordance with board policy, the Business Manager has been given this authority.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)**

**9. Fund Balances (Concluded)**

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. In accordance with board policy, the District intends to maintain a Reserve for Economic Uncertainties of at least 50% of the General Fund's annual total expenditures and other financing uses. In the event that the fund balance drops below 50%, it shall be recovered at a rate of no less than 1% each year.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

**10. Local Control Funding Formula (LCFF)/Property Tax**

As part of the 2013-14 State Budget Act, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (LCFF). The LCFF creates base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Alpine is responsible for assessing, collecting and apportioning property taxes to the District. 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 January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 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 (January 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 alternative 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.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)**

**10. Local Control Funding Formula (LCFF)/Property Tax (Concluded)**

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 LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

Since the amount of property taxes received by the District exceeds the amount of the LCFF entitlement, the District is considered to be a "basic aid" school district, and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion \$120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2020, consist of the following:

Cash on Hand and in Banks	\$ 50
Cash in Revolving Fund	10,000
County Pool Investments	<u>7,356,401</u>
Total	<u><u>\$ 7,366,451</u></u>

**Cash on Hand and in Banks**

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

**Cash in Revolving Fund**

Cash in Revolving Fund consists of cash held by the District in a commercial bank account that is used as a revolving fund.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**County Pool Investments**

County pool investments consist of District cash held by the Alpine County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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.

**General Authorization**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Fund / Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**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 changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Alpine County Investment Pool.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Years to Maturity</u>
County Pool Investments	\$ 7,356,401	\$ 7,430,364	1.83

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury are not required to be rated.

**Custodial Credit Risk - Deposits**

This 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 Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance was not exposed to custodial credit risk.

**Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

**Fair Value Measurements (Concluded)**

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Alpine 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.

The District's fair value measurements are as follows at June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 7,430,364	\$ 7,430,364

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

**NOTE 3 - RECEIVABLES**

Accounts receivable at June 30, 2020 consist of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Federal Government	\$ 38,787	\$ 8,630	\$ 47,417
State Government	211,720	740	212,460
Local Governments	27,031		27,031
Miscellaneous	74,624		74,624
Totals	<u>\$ 352,162</u>	<u>\$ 9,370</u>	<u>\$ 361,532</u>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 - INTERFUND ACTIVITIES**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, 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. 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.

**A. Due From/Due To Other Funds**

General Fund due to Deferred Maintenance Fund for mis-classified expenditures charged to Deferred Maintenance Fund	<u>\$ 33,500</u>
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All interfund receivables and payables are scheduled to be paid within one year.

**B. Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2019-20 were as follows:

General Fund transfer to the Cafeteria Fund to supplement the child nutrition program	<u>\$ 52,005</u>
Total	<u><u>\$ 52,005</u></u>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 140,370			\$ 140,370
Construction-in-Progress	701,755	\$ 526,891	\$ 813,031	415,615
Total Capital Assets Not Being Depreciated	842,125	526,891	813,031	555,985
Capital Assets Being Depreciated:				
Sites and Improvements	791,245			791,245
Buildings and Improvements	2,846,544	855,506		3,702,050
Furniture and Equipment	981,208			981,208
Total Capital Assets Being Depreciated	4,618,997	855,506	0	5,474,503
Less Accumulated Depreciation:				
Sites and Improvements	482,339	26,734		509,073
Buildings and Improvements	1,805,224	111,046		1,916,270
Furniture and Equipment	787,662	31,875		819,537
Total Accumulated Depreciation	3,075,225	169,655	0	3,244,880
Total Capital Assets Being Depreciated, Net	1,543,772	685,851	0	2,229,623
Capital Assets, Net	\$ 2,385,897	\$ 1,212,742	\$ 813,031	\$ 2,785,608

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 77,000
Instruction-Related Services	24,891
Pupil Services	23,710
General Administration	26,784
Plant Services	17,270
Total	<u>\$ 169,655</u>

**NOTE 6 - GENERAL OBLIGATION BONDS**

On the November 6, 2018, general election, the registered voters of the District approved Measure B, which authorizes the District to issue up to \$4,900,000 in general obligation bonds to improve local school safety systems; provide accessibility for students with disabilities; update classrooms and improve technology to support quality instruction; updated plumbing, heating AC and electrical systems, and to pay the costs of issuing the bonds. On April 30, 2019, the District issued general obligation bonds in the amount of \$2,300,000.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)**

The general obligation bonds are secured by the full faith and credit of the District. Alpine County is obligated to annually levy and collect ad valorem taxes upon all property within the District subject to taxation for the payment of interest and principal of the bonds. The District's outstanding general obligation debt, excluding \$219,372 of unamortized bond premiums, as of June 30, 2020 is as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2019	Redeemed Current Year	Outstanding June 30, 2020
4/30/19	3.00-5.00	8/1/49	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 0</u>	<u>\$ 2,300,000</u>

The annual requirement to amortize the current interest bonds payable, outstanding as of June 30, 2020, is as follows:

Year Ended June 30	Principal	Interest	Totals
2021	\$ 195,000	\$ 93,225	\$ 288,225
2022	210,000	87,150	297,150
2023	30,000	83,400	113,400
2024	15,000	82,500	97,500
2025	20,000	81,800	101,800
2026-2030	135,000	394,900	529,900
2031-2035	225,000	359,500	584,500
2036-2040	325,000	312,125	637,125
2041-2045	470,000	231,250	701,250
2046-2050	<u>675,000</u>	<u>89,375</u>	<u>764,375</u>
Totals	<u>\$ 2,300,000</u>	<u>\$ 1,815,225</u>	<u>\$ 4,115,225</u>

**NOTE 7 - RETIREMENT PLANS**

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 1,542,490	\$ 472,725	\$ 266,933	\$ 286,682
CalPERS	<u>1,357,953</u>	<u>465,180</u>	<u>83,152</u>	<u>346,051</u>
Totals	<u>\$ 2,900,443</u>	<u>\$ 937,905</u>	<u>\$ 350,085</u>	<u>\$ 632,733</u>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

**Benefits Provided**

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas and some of the differences are noted below.

**CalSTRS 2% at 60**

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Benefits Provided (Concluded)**

**CalSTRS 2% at 60 (Concluded)**

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

**CalSTRS 2% at 62**

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

**Contributions**

Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. Current contribution rates were established with the enactment of AB 1469 in 2014 (the CalSTRS Funding Plan). A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

**Members:** The CalSTRS member contribution rates were as follows: Under CalSTRS 2% at 60, the member contribution rate was 10.25% of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, the member contribution rate was 10.205% of applicable member earnings for fiscal year 2019-20.

**Employers:** The employer contribution rate was 17.10% of applicable member earnings for fiscal year 2019-20. This rate reflects the 1.03% reduction of the employer contribution rate for the fiscal year 2019-20 pursuant to SB 90. The District contributed \$169,113 to the plan for the fiscal year ended June 30, 2020.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Contributions (Concluded)**

State: The base contribution of 2.017% is calculated based on creditable compensation from two fiscal years prior. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code Section 22955.1. The additional state contribution for the fiscal year ended June 30, 2020 was 5.811%. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.328% for the fiscal year ended June 30, 2020. This rate does not include the \$2.2 billion supplement state contribution on behalf of employers pursuant to SB 90.

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 1,542,490
State's proportionate share of the net pension liability associated with the District	<u>841,532</u>
Total net pension liability attributed to District	<u><u>\$ 2,384,022</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State. The District's proportionate share of the net pension liability as of June 30, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0017%
Proportion - June 30, 2018	<u>0.0017%</u>
Change - Increase (Decrease)	<u><u>0.0000%</u></u>

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$286,682, which includes \$117,401 of support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 169,113	
Differences between expected and actual experience	4,196	\$ 43,634
Changes of assumptions	210,136	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	89,280	159,872
Net differences between projected and actual earnings on plan investments		63,427
Totals	<u>\$ 472,725</u>	<u>\$ 266,933</u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$ 7,058
2022	(34,634)
2023	32,054
2024	49,687
2025	(19,690)
2026	2,204

Differences between expected and actual experience, changes of assumptions, and changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions are amortized over a closed period equal to the average of the expected remaining service lives of all active and inactive plan members. The average expected remaining service life for STRP members based on the financial reporting actuarial valuation as of June 30, 2018, is 7 years. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a close 5-year period.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Actuarial Methods and Assumptions**

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following methods and assumptions:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term investment rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class as June 30, 2019, are summarized in the following table:

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Continued)**

**Actuarial Methods and Assumptions (Concluded)**

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash / Liquidity	2%	-0.40%
Total	<u>100%</u>	

\* 20-year average

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	<u>Discount Rate 1% Decrease 6.10%</u>	<u>Discount Rate Current Rate 7.10%</u>	<u>Discount Rate 1% Increase 8.10%</u>
District's proportionate share of the net pension liability	\$ 2,296,896	\$ 1,542,490	\$ 916,945

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**A. California State Teachers' Retirement System (CalSTRS) (Concluded)**

**Pension Plan's Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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

**Plan Description, Benefits Provided, and Employees Covered**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. 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.

**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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 19.721% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2020 was \$137,295.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**B. California Public Employees' Retirement System (CalPERS) (Continued)**

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2020, the District reported a liability of \$1,357,953 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 as of June 30, 2019 and June 30, 2018 was as follows:

Proportion - June 30, 2019	0.0047%
Proportion - June 30, 2018	<u>0.0036%</u>
Change - Increase (Decrease)	<u><u>0.0011%</u></u>

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$346,051. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 137,295	
Differences between expected and actual experience	87,423	
Changes of assumptions	57,300	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	183,162	\$ 78,796
Net differences between projected and actual earnings on plan investments		<u>4,356</u>
Totals	<u><u>\$ 465,180</u></u>	<u><u>\$ 83,152</u></u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**B. California Public Employees' Retirement System (CalPERS) (Continued)**

**District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)**

Year Ended June 30	
2021	\$ 122,046
2022	43,788
2023	75,329
2024	3,570

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4.1 years as of June 30, 2019. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

**Actuarial Assumptions**

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor  
on Purchasing Power applies, 2.50% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONTINUED)**

**B. California Public Employees' Retirement System (CalPERS) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

<u>Asset Class <sup>1</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 <sup>2</sup></u>	<u>Real Return Years 11+ <sup>3</sup></u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(1) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RETIREMENT PLANS (CONCLUDED)**

**B. California Public Employees' Retirement System (CalPERS) (Concluded)**

**Sensitivity of the District's 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 calculated using the discount rate of 7.15%, 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 (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	\$ 1,957,400	\$ 1,357,953	\$ 860,671

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

**NOTE 8 - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2020, are shown below:

	Balances July 1, 2019	Additions	Deductions	Balances June 30, 2020	Due within One Year
Long-Term Debt:					
General Obligation Bonds	\$ 2,526,915		\$ 7,543	\$ 2,519,372	\$ 202,543
Other Long-Term Liabilities:					
Compensated Absences	40,874	\$ 33,686	40,874	33,686	33,686
Net Pension Liabilities	2,467,491	432,952		2,900,443	
Totals	\$ 5,035,280	\$ 466,638	\$ 48,417	\$ 5,453,501	\$ 236,229

Compensated absences and net pension liabilities are obligations of the General Fund and Cafeteria Fund, and the general obligation bonds are obligations of the Bond Interest and Redemption Fund.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9 - FUND BALANCES**

The District's fund balances at June 30, 2020 consisted of the following:

	General Fund	Building Fund	Capital Projects - Special Reserve Fund	Non-Major Governmental Funds	Totals
Nonspendable:					
Revolving Cash	\$ 10,000				\$ 10,000
Prepaid Expenditures	14,516				14,516
Total Nonspendable	24,516				24,516
Restricted:					
Categorical Programs	103,014				103,014
Adult Education Programs				\$ 108,048	108,048
Facilities Projects		\$ 1,466,386		173,464	1,639,850
Debt Service				409,102	409,102
Total Restricted	103,014	1,466,386		690,614	2,260,014
Committed:					
Deferred Maintenance				200,900	200,900
Assigned:					
Facilities Projects			\$ 1,121,262		1,121,262
Other Assignments	43,297				43,297
Total Assigned	43,297		1,121,262		1,164,559
Unassigned:					
Reserve for Economic Uncertainties	3,497,322				3,497,322
Totals	\$ 3,668,149	\$ 1,466,386	\$ 1,121,262	\$ 891,514	\$ 7,147,311

**NOTE 10 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$117,401 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

**NOTE 11 - RELATED PARTY TRANSACTIONS**

The Alpine County Office of Education (the "County Office") serves only the Alpine County Unified School District. As a result, the two entities are in the same location and share a common administration, including board members and shared allocations of office space and personnel. The cost relating to common administration including administrative space and personnel were reported in the District's financial statements and were not transferred to the County Office.

**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019-20, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 13 - JOINT VENTURE**

The District participates in one joint venture under a joint powers agreement (JPA) with the Tuolumne Joint Powers Authority (TJPA) for property & liability and workers' compensation. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting. The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member. The board controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's management.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

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

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

**B. Litigation**

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

**NOTE 15 - GLOBAL PANDEMIC**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus includes restriction on travel, quarantine in certain areas, and forced closure for certain type of public spaces and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on local education agencies throughout the United States, especially those located in California. While it is unknown how long these conditions will last and what the complete financial effect will be on local education agencies, to date, the District has not experienced any significant negative financial impact. However, due to the existence of significant economic impacts at the Federal, State, and Local government levels, it is reasonably possible that the District will be vulnerable to the risk of a near-term severe impact from the coronavirus.

**NOTE 16 - SUBSEQUENT EVENTS**

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through January 27, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION SECTION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 476,797	\$ 479,357	\$ 468,643	\$ (10,714)
Local Sources	1,416,306	1,416,306	1,421,592	5,286
Total LCFF Sources	1,893,103	1,895,663	1,890,235	(5,428)
Federal Revenue	474,106	645,015	648,708	3,693
Other State Revenue	296,274	308,186	325,981	17,795
Other Local Revenue	224,765	227,765	211,786	(15,979)
Total Revenues	2,888,248	3,076,629	3,076,710	81
<b><u>Expenditures</u></b>				
Current:				
Certificated Salaries	986,970	996,170	1,026,242	(30,072)
Classified Salaries	658,584	692,239	717,805	(25,566)
Employee Benefits	791,325	799,769	789,106	10,663
Books and Supplies	115,940	115,940	118,741	(2,801)
Services and Other				
Operating Expenditures	595,659	503,931	521,043	(17,112)
Capital Outlay	6,000	138,624	156,602	(17,978)
Other Expenditures	(5,334)	(5,334)	(4,986)	(348)
Total Expenditures	3,149,144	3,241,339	3,324,553	(83,214)
Excess of Revenues (Under) Expenditures	(260,896)	(164,710)	(247,843)	(83,133)
<b><u>Other Financing (Uses)</u></b>				
Operating Transfers Out	(52,005)	(52,005)	(52,005)	
Net Change in Fund Balances	(312,901)	(216,715)	(299,848)	\$ (83,133)
Fund Balances - July 1, 2019	3,967,997	3,967,997	3,967,997	
Fund Balances - June 30, 2020	\$ 3,655,096	\$ 3,751,282	\$ 3,668,149	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS \***

**JUNE 30, 2020**

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Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2020	0.0017%	\$ 1,542,490	\$ 841,532	\$ 2,384,022	\$ 923,931	166.95%	72.56%
2019	0.0017%	1,520,661	870,650	2,391,311	844,643	180.04%	70.99%
2018	0.0018%	1,701,456	1,006,567	2,708,023	981,781	173.30%	69.46%
2017	0.0017%	1,398,164	872,917	2,271,081	841,575	166.14%	70.04%
2016	0.0017%	1,172,871	780,116	1,952,987	878,198	133.55%	74.02%
2015	0.0020%	1,153,115	748,877	1,901,992	878,897	131.20%	76.52%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS \***

**JUNE 30, 2020**

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<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of Total Pension Liability</u>
2020	0.0047%	\$ 1,357,953	\$ 645,377	210.41%	70.05%
2019	0.0036%	946,830	468,386	202.15%	70.85%
2018	0.0042%	1,012,724	540,963	187.21%	71.87%
2017	0.0046%	901,259	547,463	164.62%	73.90%
2016	0.0048%	712,108	534,848	133.14%	79.43%
2015	0.0034%	380,707	352,036	108.14%	83.38%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALSTRS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2020	\$ 169,113	\$ 169,113	\$ 0	\$ 988,965	17.10%
2019	150,416	150,416	0	923,931	16.28%
2018	121,882	121,882	0	844,643	14.43%
2017	123,508	123,508	0	981,781	12.58%
2016	90,301	90,301	0	841,575	10.73%
2015	77,984	77,984	0	878,198	8.88%

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - CALPERS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2020	\$ 137,295	\$ 137,295	\$ 0	\$ 696,187	19.721%
2019	116,568	116,568	0	645,377	18.062%
2018	72,745	72,745	0	468,386	15.531%
2017	75,129	75,129	0	540,963	13.888%
2016	64,858	64,858	0	547,463	11.847%
2015	62,957	62,957	0	534,848	11.771%

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP).

Excess expenditures over appropriations as of June 30, 2020 were as follows:

<u>General Fund</u>	<u>Excess Expenditures</u>
Certificated Salaries	\$ 30,072
Classified Salaries	25,566
Books and Supplies	2,801
Services and Other Operating Expenditures	17,112
Capital Outlay	17,978
Other Expenditures	348

The District incurred unanticipated expenditures in excess of appropriations in each of the above expenditure classifications for which the budget was not revised.

**B. Schedule of the Proportionate Share of the Net Pension Liability**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**C. Schedule of Contributions**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 2 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS**

**Benefit Changes**

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

**Changes in Assumptions**

There were no changes in assumptions since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).



## SUPPLEMENTARY INFORMATION SECTION

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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ORGANIZATION

The Alpine County Unified School District was established in 1964 and is comprised of an area of approximately 727 square miles in Alpine County. There were no changes in the boundaries of the District during the current year. The District currently operates two elementary schools and a community day school.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Amy Mecak	President	January, 2021
Nani Ellis	Clerk	January, 2023
Andria Cawelti	Member	January, 2021
John Baker	Member	January, 2023
Amber Bill	Member	January, 2023

ADMINISTRATION

Matthew Strahl  
Superintendent

Klaus Leitenbauer  
Business Manager

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Deferred Maintenance</b>	<b>Cafeteria</b>
<b><u>Assets</u></b>		
Deposits and Investments	\$ 169,253	\$ (9,370)
Receivables		9,370
Due from Other Funds	33,500	
Total Assets	<u>\$ 202,753</u>	<u>\$ 0</u>
<b><u>Liabilities and Fund Balances</u></b>		
Liabilities:		
Accounts Payable	<u>\$ 1,853</u>	
Fund Balances:		
Restricted		
Committed	200,900	
Total Fund Balances	<u>200,900</u>	
Total Liabilities and Fund Balances	<u>\$ 202,753</u>	<u>\$ 0</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION



<b>Adult Education</b>	<b>Bond Interest and Redemption</b>	<b>Capital Facilities</b>	<b>Total Non-Major Governmental Funds</b>
\$ 108,048	\$ 409,102	\$ 173,464	\$ 850,497
			9,370
			33,500
<u>\$ 108,048</u>	<u>\$ 409,102</u>	<u>\$ 173,464</u>	<u>\$ 893,367</u>
			\$ 1,853
\$ 108,048	\$ 409,102	\$ 173,464	690,614
			200,900
<u>108,048</u>	<u>409,102</u>	<u>173,464</u>	<u>891,514</u>
<u>\$ 108,048</u>	<u>\$ 409,102</u>	<u>\$ 173,464</u>	<u>\$ 893,367</u>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>
<b><u>Revenues</u></b>		
LCFF Sources:		
State Apportionment / Transfers	\$ 30,990	
Federal Revenue		\$ 46,472
State Revenue		3,713
Local Revenue	3,691	179
Total Revenues	<u>34,681</u>	<u>50,364</u>
<b><u>Expenditures</u></b>		
Current:		
Food Services		97,383
Other Pupil Services		
Other General Administration		4,986
Facilities Acquisition and Construction	49,237	
Debt Service:		
Interest and Issuance Costs		
Total Expenditures	<u>49,237</u>	<u>102,369</u>
Excess of Revenues Over (Under) Expenditures	(14,556)	(52,005)
<b><u>Other Financing Sources</u></b>		
Operating Transfers In		52,005
Net Change in Fund Balances	(14,556)	0
Fund Balances - July 1, 2019	215,456	0
Fund Balances - June 30, 2020	<u>\$ 200,900</u>	<u>\$ 0</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

<u>Adult Education</u>	<u>Bond Interest and Redemption</u>	<u>Capital Facilities</u>	<u>Total Non-Major Governmental Funds</u>
			\$ 30,990
			46,472
			3,713
\$ 2,422	\$ 249,320	\$ 7,072	262,684
<u>2,422</u>	<u>249,320</u>	<u>7,072</u>	<u>343,859</u>
			97,383
3,284			3,284
			4,986
			49,237
	68,390		68,390
<u>3,284</u>	<u>68,390</u>	<u>0</u>	<u>223,280</u>
(862)	180,930	7,072	120,579
			52,005
(862)	180,930	7,072	172,584
108,910	228,172	166,392	718,930
<u>\$ 108,048</u>	<u>\$ 409,102</u>	<u>\$ 173,464</u>	<u>\$ 891,514</u>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

P-2 Report				
	TK / K - 3	4 - 6	7 - 8	Total
Regular	27.10	21.76	16.84	65.70

Annual Report				
	TK / K - 3	4 - 6	7 - 8	Total
Regular	27.10	21.76	16.84	65.70

ALPINE COUNTY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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<u>Grade Level</u>	<u>Minutes Required</u>	<u>2019-20 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	57,940	180	N/A	In Compliance
Grade 1	50,400	55,240	180	N/A	In Compliance
Grade 2	50,400	55,240	180	N/A	In Compliance
Grade 3	50,400	55,240	180	N/A	In Compliance
Grade 4	54,000	55,240	180	N/A	In Compliance
Grade 5	54,000	55,240	180	N/A	In Compliance
Grade 6	54,000	55,240	180	N/A	In Compliance
Grade 7	54,000	55,240	180	N/A	In Compliance
Grade 8	54,000	55,240	180	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

	General Fund	Pupil Transportation Fund	Deferred Maintenance Fund
June 30, 2020 Annual Financial and Budget Report Fund Balances	\$ 3,644,621	\$ 29,997	\$ 167,400
Adjustments and Reclassifications Increasing (Decreasing) Fund Balances:			
(Understatement) Overstatement of Services and Other Operating Expenditures	(33,500)		33,500
Understatement of Other State Revenues	27,031		
Reclassification of Fund Balances	29,997	(29,997)	
Net Adjustments and Reclassifications	23,528	(29,997)	33,500
June 30, 2020 Audited Financial Statements Fund Balances	\$ 3,668,149	\$ 0	\$ 200,900

Auditor's Comments

The fund balances of the General Fund and Pupil Transportation Fund, have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2020.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	GENERAL FUND			
	(Budget) 2020-21	2019-20	2018-19	2017-18
Revenues and Other Financial Sources	\$ 2,751,893	\$ 3,076,710	\$ 3,302,117	\$ 3,153,176
Expenditures	3,012,665	3,324,553	3,638,798	2,693,106
Other Uses and Transfers Out	79,701	52,005	87,163	63,318
Total Outgo	3,092,366	3,376,558	3,725,961	2,756,424
Change in Fund Balance	(340,473)	(299,848)	(423,844)	396,752
Ending Fund Balance	\$ 3,327,676	\$ 3,668,149	\$ 3,967,997	\$ 4,391,841
Available Reserves	\$ 3,179,865	\$ 3,497,322	\$ 3,829,525	\$ 4,049,739
Reserve for Economic Uncertainties *	\$ 3,179,865	\$ 3,497,322	\$ 3,829,525	\$ 4,010,085
Available Reserves as a Percentage of Total Outgo	102.8%	103.6%	102.8%	146.9%
Average Daily Attendance at P-2	74	66	75	74
Total Long-Term Liabilities	\$ 5,217,272	\$ 5,453,501	\$ 5,035,280	\$ 2,766,741

\* Reported balances are a component of available reserves.

The fund balance of the General Fund decreased \$723,692 (16.5%) over the past two years. The fiscal year 2020-21 budget projects a decrease of \$340,473 (9.3%). For a district this size, the state recommends minimum reserves of at least 5% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District incurred operating deficit of \$423,844 and \$299,848 in fiscal year 2018-19 and 2019-20, respectively, and produced an operating surpluses of \$396,752 in fiscal year 2017-18.

Average daily attendance (ADA) decreased 8 ADA over the past two years. The District anticipates an increase of 8 ADA during fiscal year 2020-21.

Total long-term liabilities increased \$2,686,760 over the past two years due primarily to the issuance of \$2,300,000 in general obligation bonds in fiscal year 2018-19 and the increase in the District's net pension liabilities.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Combining Statements**

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

**B. Schedule of Average Daily Attendance**

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

**C. Schedule of Instructional Time**

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The District submitted the Covid-19 School Closure Certification on July 17, 2020 and reported 52 total number of instructional days school closed due to Covid-19.

**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 as reported in the Annual Financial and Budget Report to the audited financial statements.

**E. 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.



OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees  
Alpine County Unified School District  
Markleeville, California

### **Report on State Compliance**

We have audited Alpine County Unified School District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2020.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's state 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 *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide 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 the District's state programs occurred. An audit includes examining, on a test basis, evidence about Alpine County 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 with state laws and regulations. Our audit does not provide a legal determination of Alpine County Unified School District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

#### Opinion on State Compliance

In our opinion, Alpine County Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2020-003**. Further, the results of our auditing procedures disclosed instances of noncompliance with other state laws and regulations, which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2020-004**. Our opinion on state compliance on the programs previously identified is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 27, 2021



# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*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**

Board of Trustees  
Alpine County Unified School District  
Markleeville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alpine County Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2021.

### **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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies, as noted in **Findings 2020-001** and **2020-002**.

### 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 on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 27, 2021

## FINDINGS AND QUESTIONED COSTS SECTION



ALPINE COUNTY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

**State Awards**

Any audit findings required to be reported in accordance with the <i>2019-20 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?</i>	<u>  X  </u> Yes	<u>      </u> No
Any audit findings required to be reported in accordance with other State laws or regulations?	<u>  X  </u> Yes	<u>      </u> No
Type of auditor's report issued on compliance for state programs:	Unmodified	

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2020 - 001 / 30000**

**SIGNIFICANT DEFICIENCY**

**FINANCIAL REPORTING - UNAUDITED ACTUALS**

<u>Criteria:</u>	Each year, districts are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the "Unaudited Actuals" Financial Report. In addition, each year the governing board certifies that the report was prepared in accordance with Education Code Section 41010, and approves the report as the official submission of financial information that will be used as the basis for the district's annual financial statements. Accordingly, districts should have an effective system of internal control over financial reporting that will ensure that the information contained in the report is free of material misstatement.
<u>Condition:</u>	The District's "Unaudited Actuals" included misstatements that we consider to be material to their annual financial statements. Accordingly, it appears that internal control over financial reporting was inadequate in the areas where audit adjustments were required.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The adjustments that were made to ensure that the financial statements were fairly stated are presented on page 64 of this report.
<u>Effect:</u>	When an effective system of internal control over financial reporting is not in place, there is a reasonable possibility that material misstatements of the District's financial statements will not be prevented, or detected and corrected on a timely basis.
<u>Cause:</u>	The District did not have effective procedures in place to ensure that the "Unaudited Actuals" were free of material misstatements.
<u>Recommendation:</u>	The District should develop a more comprehensive financial reporting checklist, to be used by staff during the year-end closing process, to prevent misstatements from occurring in the future.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**FINANCIAL REPORTING - UNAUDITED ACTUALS (CONCLUDED)**

**District Response:**

One misstatement is a reclassification for \$33,500 for facilities improvements from the Deferred Maintenance Account to the General Fund. The impact on the overall financial condition of the District is \$0. The California Office of Public School Construction's (OPSC) Deferred Maintenance Program has not been active since July 1, 2013. The District still maintains the Deferred Maintenance Fund at the request of its Governing Board and Facilities Advisory Committee for transparency purposes regarding the use of its annual Board resolution requiring 1% of general Fund expenditures transferred into its Deferred Maintenance Fund. The District's comprehensive financial reporting checklist does not incorporate the guidance from OPSC's Deferred Maintenance Program Handbook but will do so in subsequent years.

The second misstatement consists primarily of Special Education Revenue for \$22,626 being recorded in the County Office of Education's Revenue when the revenue should have been recorded in the District. The District's procedures for recording deposits include preparation by the Fiscal Services Coordinator followed by review and approval by the Business Manager. The District's comprehensive financial reporting checklist includes a step requiring "Entitlement programs have been reconciled as per the CAT Form and appropriate receivables or deferrals (unearned revenue) accruals made to the ledgers." This step was improperly performed by the Business Manager during year end closing. During fiscal year 2019/2020 the Business Services Office on-boarded a new Fiscal Services Coordinator and was required to work remotely from home as much as possible during the COVID-19 outbreak. These 2 factors impacted the District's system of internal control. A mitigating internal control element is the County Office of Education's and the District's Cash is reconciled monthly; thus, the impact of the misstatement on the overall financial condition of the District is \$0.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)**

**2020 - 002 / 30000**

**SIGNIFICANT DEFICIENCY**

**SCHOOL NUTRITION PROGRAM - CLAIM SUBMISSION DEADLINES**

<u>Criteria:</u>	Districts are required to submit the monthly claims for reimbursement to the State by the applicable submission deadline date specified on the California Department of Education website. Claims submitted after the submission deadline, are not paid unless the District meets certain criteria, circumstances, or conditions that allow the claim to be considered for payment.
<u>Condition:</u>	The August 2019 claim for reimbursement was not successfully transmitted to the California Department of Education prior to the specified submission deadline.
<u>Questioned Costs:</u>	None. As a result of not filing the August 2019 claim prior to the specified submission deadline, the District will not receive reimbursements totaling \$4,151 of federal revenue and \$315 of state revenue.
<u>Context:</u>	The condition is limited to the August 2019 claim for reimbursement.
<u>Effect:</u>	The District incurred costs to provide meals to students of the District, during August 2019, but failed to receive reimbursement from the California Department of Education due to not filing the claim.
<u>Cause:</u>	The District has not established policies and procedures to ensure that all monthly claims for reimbursement are filed to the State by applicable submission deadline date.
<u>Recommendation:</u>	The District should establish policies and procedures to ensure that all monthly claims for reimbursement are submitted by the required due dates.
<u>District Response:</u>	The Business Services Office operated without a Fiscal Service Coordinator from August 17, 2019 through September 15, 2019. When the new Fiscal Services Coordinator started on September 16, 2019, August Bank reconciliation and September payroll processing were the top priorities. In addition, the Business Manager was performing year end closing for the 2018/2019 fiscal year. All subsequent claims for reimbursement have been processed timely. Furthermore, the District has implemented a Task Management system where all Business Office staff can manage and update tasks, including claims for reimbursement, on a real-time daily basis.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2020 - 003 / 40000**

**AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (ASES)**

<u>Criteria:</u>	In accordance with program guidelines, districts are required to have daily sign-in and sign-out procedures, which identify student arrival and departure times, early-release codes, when applicable, and the signatures of the individuals who are picking up the students.
<u>Condition:</u>	Early release codes were not always entered on the sign-in/sign-out sheets when students left early.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The condition existed throughout fiscal year 2019-20.
<u>Effect:</u>	The procedural deficiency makes it difficult for the District to demonstrate compliance with the program requirement listed in the criteria.
<u>Cause:</u>	The District has not adequately monitored the program to ensure that it is being operated in accordance with all state requirements.
<u>Recommendation:</u>	The District should remind ASES staff of the proper procedures for recording and documenting attendance. In addition, the District should review, on a daily basis, all sign-in and sign-out sheets to ensure that the appropriate early release codes are noted for all students who leave before 5 pm.
<u>District Response:</u>	The District has reminded staff of the proper procedures for recording and documenting attendance. The Business Office is reviewing, on a daily basis, all sign-in and sign-out sheets to ensure that the appropriate early release codes are noted for all students who leave before 5:00 pm.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Reported in the 2018-19 audit as Finding 2019 - 004**

**2020 - 004 / 40000**

**EXPENDITURES IN EXCESS OF APPROPRIATIONS**

<u>Criteria:</u>	In accordance with Education Code Section 42600, the total amount budgeted as the proposed expenditure of the school district for each major classification of school district expenditures listed in the school district budget forms prescribed by the Superintendent of Public Instruction shall be the maximum amount which may be expended for that classification of expenditures for the school year.
<u>Condition:</u>	Total General Fund expenditures exceeded total General Fund appropriations by \$83,214 during fiscal year 2019-20.
<u>Questioned Cost:</u>	None.
<u>Context:</u>	Total expenditures exceeded total appropriations in the General Fund as of June 30, 2020, see page 49.
<u>Effect:</u>	The District did not comply with the legal requirements for expenditure appropriations.
<u>Cause:</u>	Expenditures were made when no appropriations for such expenditures were available.
<u>Recommendation:</u>	Transfers may be made from available reserves in unspent expenditure classifications, designated fund balance, or unappropriated fund balance, to any expenditure classifications with Board approval under Education Code Section 42600. No payments should be made when there are no available appropriations in the expenditure classification.
<u>District Response:</u>	<p>During fiscal year 2019/20 the Business Manager and the new Superintendent worked closely to only make payments with available appropriations. In addition, Budget revisions were brought to the Board subsequent to Second Interim as a result of the COVID-19 outbreak in an effort to proactively evaluate the economic impact on the District. However, expenditures exceeded appropriations primarily for the following two reasons:</p> <ol style="list-style-type: none"><li>1) Certificated and Classified salaries increased as a result of settled negotiations in the prior fiscal year, vacation and overtime and related benefits under-budgeted by \$44,975.</li></ol>

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)**

EXPENDITURES IN EXCESS OF APPROPRIATIONS (CONCLUDED)

District Response (Concluded):

- 2) Books, Services, Capital Outlay and Other Operating expenditures were revised downward after Second Interim as a result of anticipated reductions from the closures of school sites. However, the final actual expenditures exceeded final revised budgeted amounts by \$38,239 due to additional costs related to facilities maintenance and distance learning upgrades required as the result of the COVID-19 outbreak.

**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>STATE AWARDS</u></b>		
<b>2019 - 001 / 40000</b>		
<u>UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS</u>		
The District should enforce established procedures to ensure that counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report are supported by appropriate documentation.	Implemented	
<b>2019 - 002 / 70000</b>		
<u>INSTRUCTIONAL MATERIALS</u>		
The District should enforce established procedures to ensure that a compliant public hearing is held, and the required resolution is adopted, within the first eight weeks of school in accordance with Education Code Section 60119.	Implemented	
<b>2019 - 003 / 72000</b>		
<u>SCHOOL ACCOUNTABILITY REPORT CARD - FACILITIES</u>		
Future school accountability report card disclosures regarding safety, cleanliness, and adequacy of school facilities, should be based on and consistent with the most recent available data collected by the District.	Implemented	



**ALPINE COUNTY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>STATE AWARDS</u></b> <b><u>(CONCLUDED)</u></b>		
<b>2019 - 004 / 40000</b>		
<b><u>EXPENDITURES IN EXCESS OF APPROPRIATIONS</u></b>		
Transfers may be made from available reserves in unspent expenditure classifications, designated fund balance, or unappropriated fund balance, to any expenditure classifications with Board approval under Education Code Section 42600. No payments should be made when there are no available appropriations in the expenditure classification.	Not Implemented	Comment Repeated (See <b>2020 - 004</b> )