



# Alpine Union School District

County of San Diego  
Alpine, California

Audit Report

June 30, 2022



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Alpine Union School District

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June 30, 2022

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## Independent Auditor's Report

To the Board of Education  
Alpine Union School District

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alpine Union School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wilkinson-Hadley King + Co LLP*

El Cajon, California

January 13, 2023

**ALPINE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

This section of Alpine Union Elementary School District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Government. Certain comparative information between the current and the prior year is required in this section.

**I. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements.

The statements are organized so that the reader can understand the District as a complex financial entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**Fund financial statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special reserve for capital outlay fund, and the bond interest and redemption fund. Data from the other governmental funds are combined into a single, aggregated presentation.

- Proprietary funds: The District maintains one proprietary fund type, an enterprise fund, to account for the fee-based before and after childcare programs.

## II. GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As noted earlier, net position serves as a useful indicator over time of a government's financial position. In the case of the District, the decrease in long term liabilities were contributable to two main factors, a \$2.4 million (M) pay-down of outstanding GO bond debt and a \$5.7M in STRS and PERS pension liabilities. The remaining change in this area consists of the continued pay-down of COP debt and an increase in capital leases. Current assets increased because the bond redemption fund ended with \$2.8M more in cash and \$1M in accounts receivable for grants. The small change in capital assets was due to annual depreciation and work-in-progress on the new field at the middle school.

#### 2021-22 NET POSITION

(In Millions of Dollars)

	Governmental Activities		2021-22 Over/(Under)		% Change
	2021-22	2020-21	2020-21		
<b>Assets</b>					
Current and Other Assets	\$ 14.53	\$ 10.50	\$ 4.03		38.4%
Capital Assets	14.81	13.82	0.99		7.2%
<b>Total Assets</b>	<b>\$ 29.34</b>	<b>\$ 24.32</b>	<b>\$ 5.02</b>		20.6%
<b>Deferred Outflows of Resources</b>	<b>\$ 5.08</b>	<b>\$ 3.05</b>	<b>\$ 2.03</b>		66.6%
<b>Liabilities</b>					
Current Liabilities	\$ 2.57	\$ 1.84	\$ 0.73		39.7%
Long Term Liabilities	23.87	30.77	(6.90)		-22.4%
<b>Total Liabilities</b>	<b>\$ 26.44</b>	<b>\$ 32.61</b>	<b>\$ (6.17)</b>		-18.9%
<b>Deferred Inflows of Resources</b>	<b>\$ 9.31</b>	<b>\$ 3.41</b>	<b>\$ 5.90</b>		173.0%
<b>Net Position</b>					
Net Investment in Capital Assets	\$ 3.45	\$ 1.16	\$ 2.29		197.4%
Restricted	6.77	4.11	2.66		64.7%
Unrestricted	(11.55)	(13.92)	2.37		-17.0%
<b>Total Net Position</b>	<b>\$ (1.33)</b>	<b>\$ (8.65)</b>	<b>\$ 7.32</b>		-84.6%



**Governmental activities**

The key elements of the District's net position for the year ended June 30, 2022 are as follows:

**2021-22 Activities**  
(In Millions of Dollars)

<b>Revenues</b>	<b>Governmental Activities</b>		<b>2021-22 Over/(Under)</b>		<b>% Change</b>
	<b>2021-22</b>	<b>2020-21</b>	<b>2020-21</b>		
General Revenues	\$ 20.00	\$ 17.70	\$ 2.30	13.0%	
Program Revenues	5.93	5.82	0.11	1.9%	
<b>Total Revenues</b>	<b>\$ 25.93</b>	<b>\$ 23.52</b>	<b>\$ 2.41</b>	<b>10.2%</b>	
<b>Expenses</b>					
Instructional & Pupil Services	\$ 13.94	\$ 14.69	\$ (0.75)	-5.1%	
Operations & Administration	4.68	5.01	(0.33)	-6.6%	
<b>Total Expenses</b>	<b>\$ 18.62</b>	<b>\$ 19.70</b>	<b>\$ (1.08)</b>	<b>-5.5%</b>	
Change in Net Position	\$ 7.31	\$ 3.82	\$ 3.49	91.4%	
Net Position Beginning	(8.65)	(12.46)	3.81	-30.6%	
<b>Net Position Ending</b>	<b>\$ (1.34)</b>	<b>\$ (8.64)</b>	<b>\$ 7.30</b>	<b>-84.5%</b>	

Like most school districts in the State of California, the District received various COVID and ESSER funds, and other categorical grants that make up the small change in general revenues.

**Capital Assets and Depreciation**

The District's capital assets and depreciation changes for the fiscal years ending June 30, 2022 and June 30, 2021 are as follows. The changes are accounted for by the work-in-progress on the new field at the middle school and normal depreciation.

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Total Change</u>
Land	\$ 2,137,026	\$ 2,137,026	\$ -
Improvement of Sites	\$ 8,302,674	\$ 8,302,674	-
Buildings	\$ 24,453,641	\$ 24,453,641	-
Equipment	\$ 1,363,375	\$ 1,383,608	20,233
Work in Progress	\$ 95,602	\$ 1,841,964	1,746,362
Accumulated Depreciation	\$ (22,534,582)	\$ (23,305,313)	(770,731)
<b>Net Capital Assets</b>	<b>\$ 13,817,736</b>	<b>\$ 14,813,600</b>	<b>\$ 995,864</b>

**Long-Term Liabilities**

The District's long-term liabilities changes for the fiscal years ending June 30, 2022 and June 30, 2020 are as follows, for the explanation of changes see the section title Net Position above.

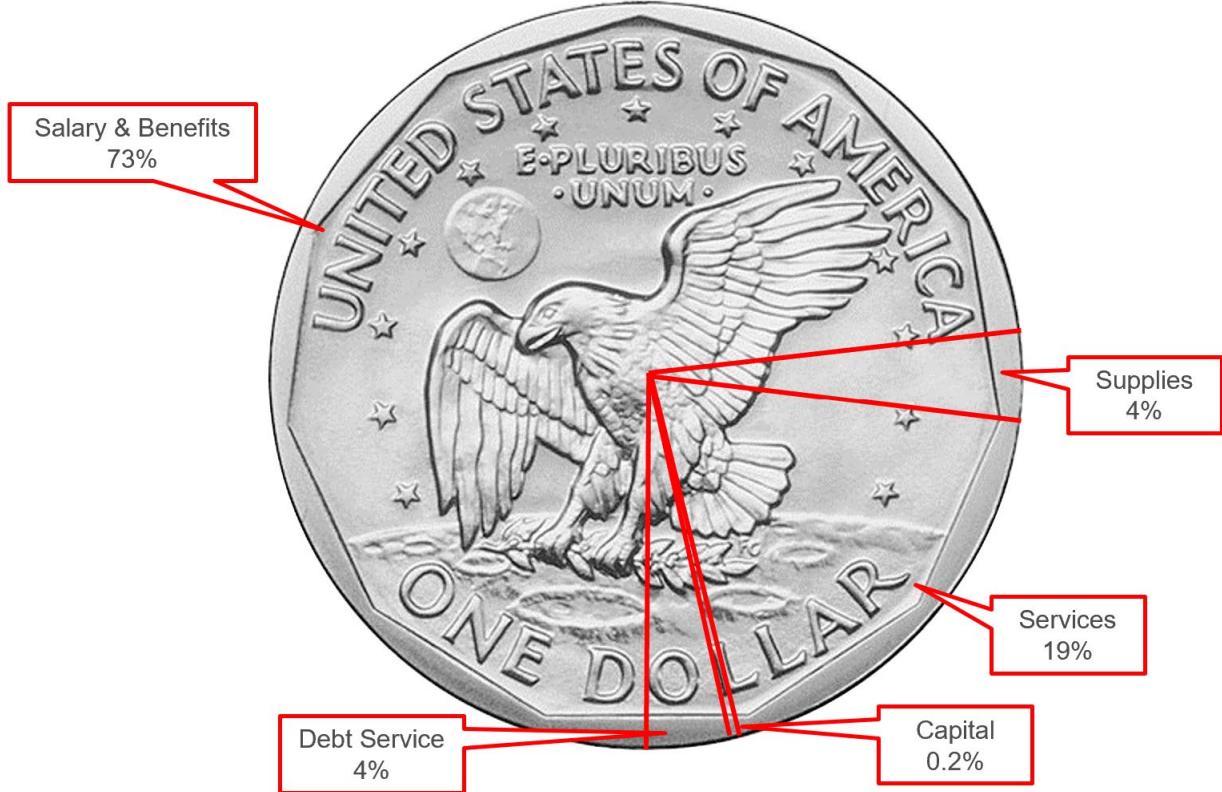
	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Total Change</u>
General Obligation Bonds	\$ 10,540,258	\$ 8,743,361	\$ (1,796,897)
Capital Leases	160,086	961,910	801,824
Certificates of Participation	1,961,897	1,655,748	(306,149)
Net Pension	14,968,564	9,220,812	(5,747,752)
Net OPEB Obligation	2,999,310	3,109,851	110,541
Compensated Absences	139,024	175,644	36,620
<b>Total Long Term Liabilities</b>	<b>\$ 30,769,139</b>	<b>\$ 23,867,326</b>	<b>\$ (6,901,813)</b>

### III. FACTORS IMPACTING THE DISTRICT'S FINANCIAL FUTURE

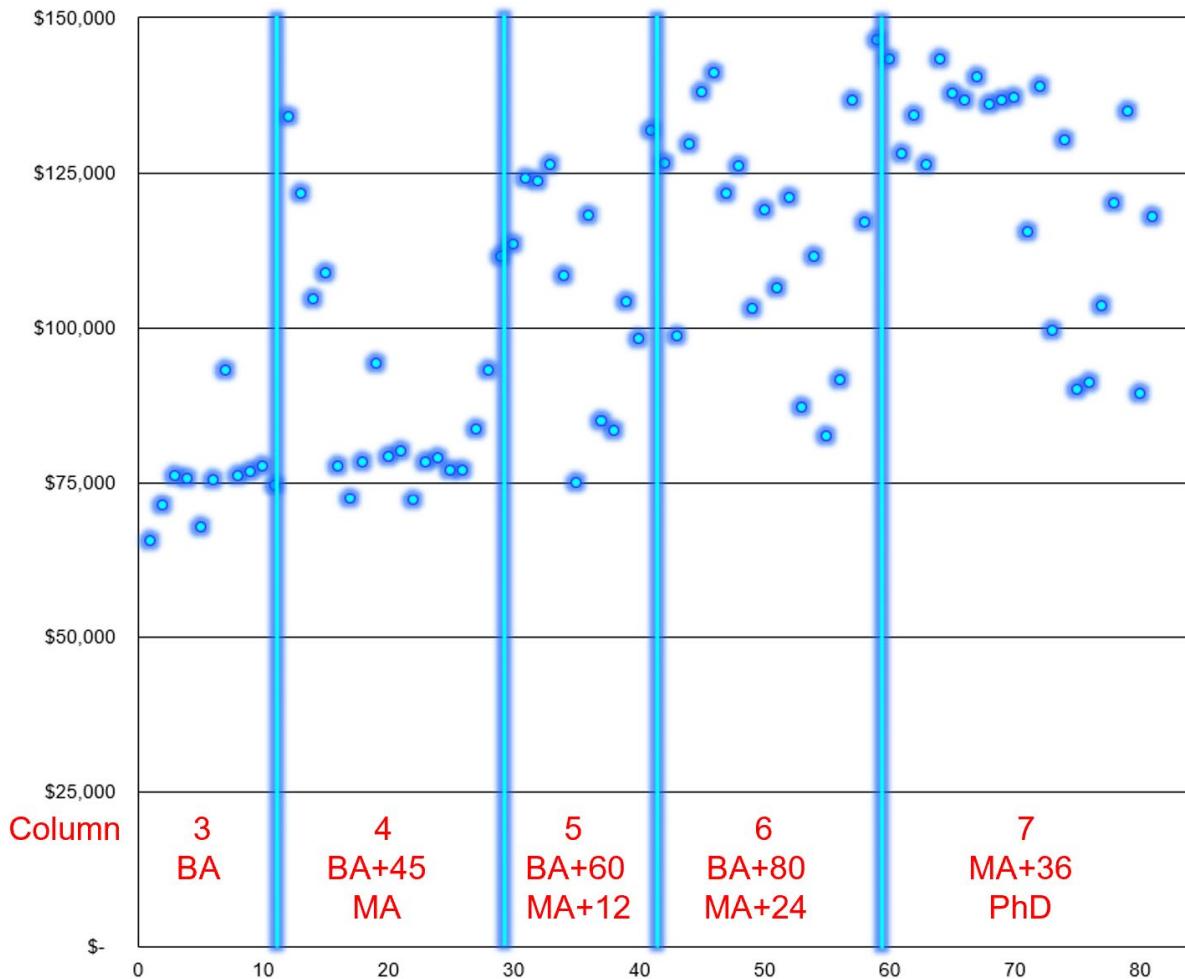
The State's 2022/23 education budget includes a relatively large cost-of-living-adjustment (COLA) of 6.56%, a significant increase to the LCFF base grant by 6.7%, a new add-on for transitional kindergarten (TK) ADA, and a change to the declining enrollment protection that allows districts to use the higher of current year, prior year, or the average of the prior three year's ADA. Due on these factors, the District will receive a sizable increase in revenue despite a drop in enrollment and ADA.

The District is well position to take advantage of the State's push into TK, because it has a campus that has dedicated to the kindergarten and younger for many years. Parents are much more comfortable at leaving their kids as young as four, soon to be three, when the grade level stops at kindergarten and does not have older kids on campus. The majority of districts have their elementary campus go to 5<sup>th</sup> or 6<sup>th</sup> grade.

The District's biggest cost driver is staff total compensation but unlike typical districts, the District's is human capital cost is much less at only 73% of the general fund. The District's increase in salaries due to step and column growth is averaging 1.47% over the last five years. The District's STRS costs jump in 2022/23 and is projected to remain stable at 19.1% in the out-years while PERS is 25.37% and is influenced by the funds investment returns. Health care cost have increased a relatively modest 4.5% annual.



Within the salary & benefits category the teacher’s group is the largest subgroup and below is a scatter chart showing their distribution. The vertical axis depicts total compensation while the horizontal axis shows the number of teachers within each “column” on the salary schedule. As the scatter chart shows, the District teachers are highly educated with 65% have more than a master degree.



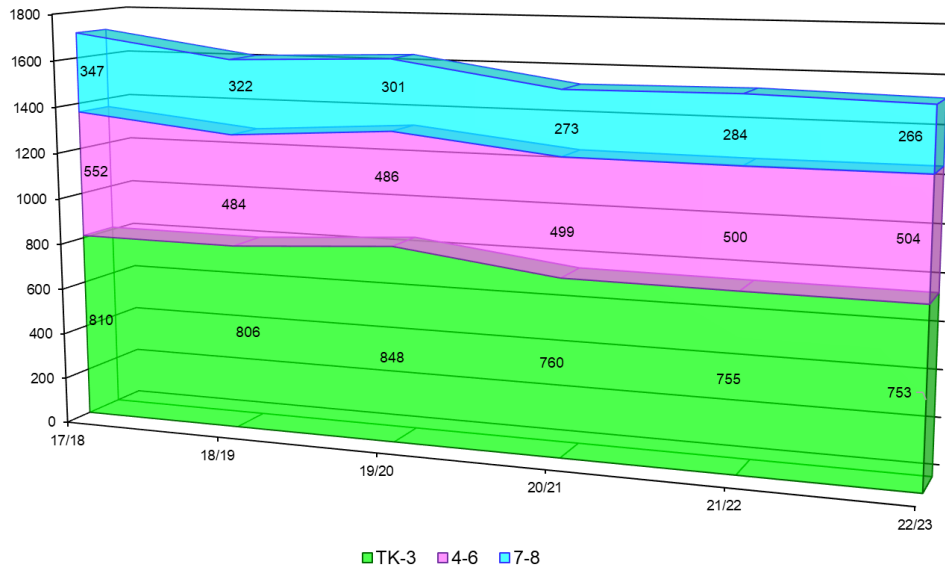
**Enrollment - Current**

The District is similar to many districts in the State, where as it has been experiencing declining enrollment for years which was exacerbated by the pandemic. As depicted in the table and chart below, the District’s has averaged a decline in enrollment of 2.2% per year.

**Enrollment by Grade**

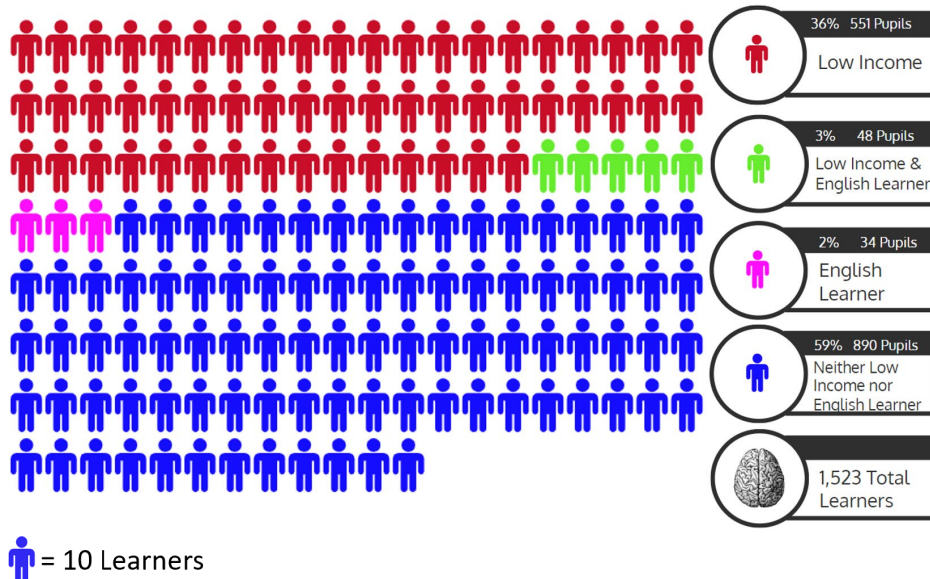
Grade	17/18	18/19	Change	19/20	Change	20/21	Change	21/22	Change	22/23	Change	5 Year Change
TK & K	52	56	4	46	-10	38	-8	40	2	47	7	-5
K	203	186	-17	218	32	147	-71	184	37	178	-6	-25
1	186	199	13	188	-11	206	18	162	-44	172	10	-14
2	189	197	8	200	3	175	-25	201	26	155	-46	-34
3	180	168	-12	196	28	194	-2	168	-26	201	33	21
4	172	180	8	171	-9	192	21	184	-8	156	-28	-16
5	191	167	-24	178	11	158	-20	178	20	184	6	-7
6	189	137	-52	137	0	149	12	138	-11	164	26	-25
7	185	161	-24	140	-21	136	-4	142	6	142	0	-43
8	162	161	-1	161	0	137	-24	142	5	124	-18	-38
Totals	1709	1612	-97	1635	23	1532	-103	1539	7	1523	-16	-186
			-5.7%		1.4%		-6.3%		0.5%		-1.0%	-10.9%

### Enrollment by Grade Span



### Student Demographics

The LCFF funding formula is heavily influence by the demographics of a district’s student population. The unduplicated count of students who qualify for the free or reduced lunch program or are classified as English learners will generate Supplement Grant funding and possibly Concentration Grant funds. The District 2022/23 population includes 36.4% of these qualifying students, this represents a significant increase of 222 basis point. Which in turn generates Supplemental Grant funding of slightly more than \$1.1M but no Concentration Grant. The infographic below depicts the 2022/23 composition of the District’s learners:



### Enrollment - Future

Another factor that will affect the District’s enrollment is new residential housing development. The District has an average of 21 new residential single-family homes built each year with an average square footage of 3,028. The District’s enrollment boundaries currently have two multifamily projects for a total of 103 dwelling units and nine single family home projects for a total of 112 dwelling units in the project pipeline. While this is not a large number of new homes it does represent growth and the high probability of new students.

**Revenue**

California’s LCFF funding formula distributes funding based on three components, a base grant, a grade span adjustment K-3 and 9-12, and a demographic factor consisting of the percent of unduplicated students who qualify for the free or reduced lunch program (low income) or English learners. The demographic factor can generate up to two grants, one being the Supplemental Grant, which is 20% of the adjusted based grant multiplied by the percentage of unduplicated students, and the other being the Concentration Grant, which is 65% of the adjusted base grant multiplied by the percentage of unduplicated students in excess of 55% of the district’s enrollment. Beginning with 2022/23, the State created a new add-on for a districts TK population.

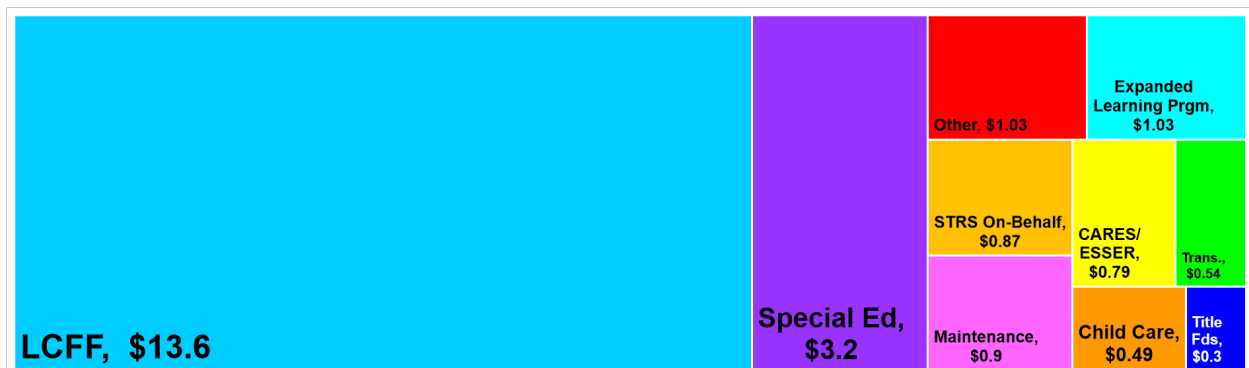
Alpine USD receives one (K-3) of the two grade span adjustments, the TK add-on, and its demographics are such (36.4%) that it only receives the Supplemental Grant and no Concentration Grant funds; 6.6% of its LCFF comes from the Supplemental Grant. The District is projecting to earn an average of \$11,498 per ADA.

The District will benefit from the State’s effort to “equalize” special education revenues across the State. Under this plan, the special education AB602 revenue formula brought all SELPAs up to a minimum funding of \$820 per ADA.

The District is projecting an unrestricted ending balance of \$3.2M in 2022/23, which is 13.9%. The District is confident that it will maintain, at a minimum, a reserve of 8% per Board direction.

**Expenditures**

Like many districts in the State, the District’s facilities are aging and require substantial investment in maintenance to extend the utility of the structures beyond their expected life. As such, the District is planning to transferred an additional \$500,000 to a special reserve fund for capital projects bring the total set aside to \$1.6M, which calculates to approximately 8% of the Districts general fund expenditures. While rather unique in the State, the District, under great leadership, has been able to prevent its special education expenditures from growing despite strong external pressures. Below is the breakdown by program of the District’s \$22.7M 2022/23 general fund budget.



The District’s leadership and governance team have embraced fiscally conservative strategies, and a reserve of 8%. The board of trustees have, as necessary, implemented courses of action to ensure financial solvency and of the District.

The District will continue to review and modify its projections to ensure actions are taken as needed to maintain a healthy fiscal status, with respect to the primary goal of continuing to meet the educational needs of the students. A priority also remains for maintaining a strong reserve balance and vigilant cash management for the long-term protection of the District.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGERS**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

William Pickering II  
Proud Chief Business Officer  
Alpine Union School District  
2001 Tavern Rd  
Alpine, California 91901  
[Wpickering@alpineschools.net](mailto:Wpickering@alpineschools.net)

## Basic Financial Statements

# Alpine Union School District

## Statement of Net Position

June 30, 2022

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 9,449,512
Accounts Receivable	5,037,810
Inventory	27,396
Prepaid Expenses	12,725
Capital Assets:	
Land	2,137,026
Land Improvements	8,302,674
Buildings & Improvements	24,453,641
Equipment	1,383,608
Work in Progress	1,841,964
Less Accumulated Depreciation	<u>(23,305,313)</u>
Total Assets	<u>29,341,043</u>
<b>Deferred Outflows of Resources</b>	<u>5,080,478</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	1,987,257
Unearned Revenue	587,587
Long-Term Liabilities:	
Due Within One Year	4,535,241
Due In More Than One Year	<u>19,332,085</u>
Total Liabilities	<u>26,442,170</u>
<b>Deferred Inflows of Resources</b>	<u>9,308,149</u>
<b>Net Position</b>	
Net Investment in Capital Assets	3,452,581
Restricted For:	
Capital Projects	1,032,415
Debt Service	4,597,829
Educational Programs	708,564
Other Purposes (Expendable)	390,561
Other Purposes (Nonexpendable)	42,621
Unrestricted	<u>(11,553,369)</u>
Total Net Position	<u>\$ (1,328,798)</u>

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



# Alpine Union School District

## Statement of Activities

For the Year Ended June 30, 2022

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 10,328,961	\$ 110,108	\$ 2,896,741	\$ -	\$ (7,322,112)
Instruction-Related Services:					
Instructional Supervision and Administration	130,899	-	80,272	-	(50,627)
Instructional Library, Media and Technology	180	-	-	-	(180)
School Site Administration	988,278	-	11,781	-	(976,497)
Pupil Services:					
Home-to-School Transportation	389,018	203	2,834	-	(385,981)
Food Services	655,120	16,575	949,484	-	310,939
All Other Pupil Services	1,445,293	6,880	876,788	-	(561,625)
General Administration:					
Centralized Data Processing	56,878	-	-	-	(56,878)
All Other General Administration	1,299,573	887	132,206	-	(1,166,480)
Plant Services	2,283,909	3,352	55,499	-	(2,225,058)
Ancillary Services	28,731	-	-	-	(28,731)
Community Services	320,877	-	181	-	(320,696)
Interest on Long-Term Debt	592,868	-	-	-	(592,868)
Other Outgo	92,973	139,026	650,508	-	696,561
Total Governmental Activities	<u>\$ 18,613,558</u>	<u>\$ 277,031</u>	<u>\$ 5,656,294</u>	<u>\$ -</u>	<u>(12,680,233)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					
				\$ 6,073,995	
Property Taxes, Levied for Debt Service					
				4,325,027	
Federal and State Aid Not Restricted for Specific Purposes					
				9,178,701	
Interest and Investment Earnings					
				(214,166)	
Miscellaneous					
				634,741	
Total General Revenues					
				<u>19,998,298</u>	
Change in Net Position					
					7,318,065
Net Position - Beginning of Year					
					(8,646,863)
Net Position - Ending					
					<u>\$ (1,328,798)</u>

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

**Alpine Union School District**  
 Balance Sheet – Governmental Funds  
 June 30, 2022

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 3,990,889	\$ 1,162	\$ 4,597,829	\$ 859,632	\$ 9,449,512
Accounts Receivable	3,400,144	1,479,804	-	157,862	5,037,810
Due from Other Funds	235,717	1,000,000	-	-	1,235,717
Stores Inventories	-	-	-	27,396	27,396
Prepaid Expenditures	12,725	-	-	-	12,725
<b>Total Assets</b>	<u>\$ 7,639,475</u>	<u>\$ 2,480,966</u>	<u>\$ 4,597,829</u>	<u>\$ 1,044,890</u>	<u>\$ 15,763,160</u>
<b>Liabilities and Fund Balance:</b>					
Liabilities:					
Accounts Payable	1,902,984	24,989	-	39,082	1,967,055
Due to Other Funds	1,000,000	15,000	-	220,717	1,235,717
Unearned Revenue	587,587	-	-	-	587,587
Total Liabilities	<u>3,490,571</u>	<u>39,989</u>	<u>-</u>	<u>259,799</u>	<u>3,790,359</u>
Fund Balance:					
Nonspendable	15,225	-	-	27,396	42,621
Restricted	1,219,174	154,671	4,597,829	757,695	6,729,369
Assigned	790,861	2,286,306	-	-	3,077,167
Unassigned	2,123,644	-	-	-	2,123,644
Total Fund Balance	<u>4,148,904</u>	<u>2,440,977</u>	<u>4,597,829</u>	<u>785,091</u>	<u>11,972,801</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,639,475</u>	<u>\$ 2,480,966</u>	<u>\$ 4,597,829</u>	<u>\$ 1,044,890</u>	<u>\$ 15,763,160</u>

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

# Alpine Union School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

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**Total fund balances, governmental funds:** \$ 11,972,801

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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 relating to governmental activities, at historical cost	38,118,913	
Accumulated depreciation	<u>(23,305,313)</u>	
	Net	14,813,600

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 unmaturing interest owing at the end of the period (20,202)

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 relating to governmental activities consist of:

General obligation bonds payable	8,743,361	
Capital leases payable	961,910	
Certificates of participation payable	1,655,748	
Net pension liability	9,220,812	
Total OPEB liability	3,109,851	
Compensated absences	<u>175,644</u>	
	Total	(23,867,326)

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.

Deferred outflows of resources relating to pensions	4,810,928	
Deferred inflows of resources relating to pensions	<u>(8,174,337)</u>	
	Net	(3,363,409)

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

**Alpine Union School District**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued  
June 30, 2022

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

Deferred outflows of resources relating to OPEB	269,550	
Deferred inflows of resources relating to OPEB	<u>(1,133,812)</u>	
	Net	<u>(864,262)</u>
<b>Total net position, governmental activities:</b>		<u><u>\$ (1,328,798)</u></u>

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

# Alpine Union School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2022

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
State Apportionment	\$ 6,876,653	\$ -	\$ -	\$ -	\$ 6,876,653
Education Protection Account Funds	1,937,482	-	-	-	1,937,482
Property Taxes	6,073,995	-	4,325,027	-	10,399,022
Federal Revenue	1,441,547	-	-	917,633	2,359,180
Other State Revenue	2,328,641	-	-	63,108	2,391,749
Interest and Investment Earnings/(Losses)	(66,429)	5,708	(102,788)	(19,041)	(182,550)
Other Local Revenue	1,709,504	896,241	-	276,276	2,882,021
Total Revenues	<u>\$ 20,301,393</u>	<u>\$ 901,949</u>	<u>\$ 4,222,239</u>	<u>\$ 1,237,976</u>	<u>\$ 26,663,557</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	11,052,306	-	-	-	11,052,306
Instruction - Related Services	1,329,477	-	-	-	1,329,477
Pupil Services	2,077,336	-	-	732,886	2,810,222
Ancillary Services	28,731	-	-	-	28,731
Community Services	373,327	-	-	-	373,327
General Administration	1,537,930	-	-	17,943	1,555,873
Plant Services	2,467,989	-	-	-	2,467,989
Other Outgo	92,973	-	-	-	92,973
Debt Issuance Costs	-	-	-	-	-
Capital Outlay	8,038	1,694,745	-	63,812	1,766,595
Debt Service:					
Principal	508,175	-	629,615	-	1,137,790
Interest	34,706	-	1,725,385	-	1,760,091
Total Expenditures	<u>19,510,988</u>	<u>1,694,745</u>	<u>2,355,000</u>	<u>814,641</u>	<u>24,375,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>790,405</u>	<u>(792,796)</u>	<u>1,867,239</u>	<u>423,335</u>	<u>2,288,183</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	750,000	-	-	750,000
Transfers Out	(750,000)	-	-	-	(750,000)
Proceeds from Financing Leases	420,196	579,804	-	-	1,000,000
Total Other Financing Sources (Uses)	<u>(329,804)</u>	<u>1,329,804</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Net Change in Fund Balance	460,601	537,008	1,867,239	423,335	3,288,183
Fund Balance, Beginning of Year	3,688,303	1,903,969	2,730,590	361,756	8,684,618
Fund Balance, End of Year	<u>\$ 4,148,904</u>	<u>\$ 2,440,977</u>	<u>\$ 4,597,829</u>	<u>\$ 785,091</u>	<u>\$ 11,972,801</u>

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

# Alpine Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2022

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**Total change in fund balances, governmental funds:** \$ 3,288,183

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

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 estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	1,766,595	
Depreciation expense	<u>(770,731)</u>	
	Net	995,864

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: 1,137,790

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (1,000,000)

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, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (564,104)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: 1,731,326

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

## Alpine Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities, Continued  
For the Year Ended June 30, 2022

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Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (36,619)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 1,623,630

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 141,995

**Change in net position of governmental activities:** \$ 7,318,065

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

# Alpine Union School District

Notes to the Financial Statements

For the Year Ended June 30, 2022

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## A. Summary of Significant Accounting Policies

Alpine Union School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### 1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food services, childcare services, and student-related activities.

### 2. Component Units

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 no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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**Fund Financial Statements.** The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

**Bond Interest and Redemption Fund:** The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

### *Non-Major Governmental Funds*

The District reports the following non-major governmental funds categorized by the fund type:

**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 expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue fund:

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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**Capital Projects Funds:** Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects fund:

**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

#### 4. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under financing leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

#### 5. 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 or at year end, whichever is sooner.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 6. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used 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.

## 7. Revenues and Expenses

### a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

### b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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

f. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net position.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## h. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted fund to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

## i. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce the service levels because of temporary revenue shortfalls or unpredicted expenses. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts equal to 3% of the general fund operating expenses and other financing uses.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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j. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

k. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

m. Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the economic interest method.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 9. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

## 10. Use of Estimates

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

## 11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs to an asset or liability.



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## 12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2022. Those newly implemented pronouncements are as follows:

Description	Date Issued
<b>GASB Statement 87, Leases</b>	06/2017
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018
<b>GASB Statement 92, Omnibus 2020</b>	01/2020
<b>GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements 14, 84 and supersession of GASB Statement 32</b>	06/2020
<b>GASB Statement 98, The Annual Comprehensive Financial Report</b>	10/2021
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021 (Applicable portions to the 2021-22 fiscal year)</b>	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2022:

- Leases where the District is the lessee were previously accounted for as a current expense in the years the lease payments were made. Under the provisions of GASB Statement No. 87 these leases are recorded on the government wide statement of net position as lease assets which are amortized over the life of the asset or lease (whichever is shorter), and lease liabilities which are reduced over the life of the lease by principal payments.
- Leases where the District is the lessor were previously accounted for as rental income in the year that the rent was collected. Under the provisions of GASB Statement No. 87 these leases are recorded at inception of the lease as a lease receivable and a deferred inflow of resources.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## B. Compliance and Accountability

### 1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

## C. Fair Value Measurements

The District’s investments at June 30, 2022, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 9,011,239	\$ -	\$ 9,011,239	\$ -
Total investments by fair value level	\$ 9,011,239	\$ -	\$ 9,011,239	\$ -

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 §41001). The fair value of the District’s investments in the pool is reported in the accounting financial statements as amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the 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.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## D. Cash and Investments

As of June 30, 2022, the District held the following cash and cash equivalents:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 3,656,309	\$ 1,191	\$ 4,714,312	\$ 867,720	\$ 9,239,532
Fair Market Value Adjustment	(90,341)	(29)	(116,483)	(21,440)	(228,293)
Cash in Bank and in Revolving Fund	4,725	-	-	13,352	18,077
Cash with a Fiscal Agent/Trustee	420,196	-	-	-	420,196
Total Cash and Cash Equivalents	<u>\$ 3,990,889</u>	<u>\$ 1,162</u>	<u>\$ 4,597,829</u>	<u>\$ 859,632</u>	<u>\$ 9,449,512</u>

### 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$9,239,532 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$9,011,239. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

### 2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$15,577 as of June 30, 2022) and in revolving fund (\$2,500 as of June 30, 2022) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All amounts are fully insured as of June 30, 2022.

### 3. Cash with Fiscal Agent/Trustee

Cash with Fiscal Agent/Trustee (\$420,196 as of June 30, 2022) consists of project funds from financing leases that have not been fully expended as of year-end. The funds will be released to the District upon completion of the project.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## 4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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 Corporate notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## 5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2022, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 9,011,239

### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

At June 30, 2022, the District’s bank balances (including revolving cash) were fully insured or collateralized and were therefore not exposed to custodial credit risk.

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains a pooled investments with the San Diego County Treasury with a fair value of \$9,011,239. The average weighted maturity for this pool was 551 days at June 30, 2022.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2022, consisted of:

	Major Governmental Funds				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	
Federal Government:					
Special Education	\$ 318,736	\$ -	\$ -	\$ -	\$ 318,736
Title I	18,095	-	-	-	18,095
ESSER/GEER	452,860	-	-	-	452,860
Child Nutrition	-	-	-	147,798	147,798
Other Federal Programs	18,707	-	-	-	18,707
State Government:					
LCFF State Aid	2,465,322	-	-	-	2,465,322
Special Education	55,493	-	-	-	55,493
Strong Workforce K-12	44,942	-	-	-	44,942
Child Nutrition	-	-	-	10,064	10,064
Local Sources					
Supervisor Discretionary Grant	-	900,000	-	-	900,000
Interest	25,989	-	-	-	25,989
Construction Reimbursement	-	579,804	-	-	579,804
Total Accounts Receivable	<u>\$ 3,400,144</u>	<u>\$ 1,479,804</u>	<u>\$ -</u>	<u>\$ 157,862</u>	<u>\$ 5,037,810</u>

## F. Prepaid Expenses

Prepaid expenses at June 30, 2022, consisted of:

	General Fund
Prepaid service agreement	<u>\$ 12,725</u>

**Alpine Union School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

**G. Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,137,026	\$ -	\$ -	\$ 2,137,026
Work in progress	95,602	1,746,362	-	1,841,964
Total capital assets not being depreciated	<u>2,232,628</u>	<u>1,746,362</u>	<u>-</u>	<u>3,978,990</u>
Capital assets being depreciated:				
Land improvements	8,302,674	-	-	8,302,674
Buildings and improvements	24,453,641	-	-	24,453,641
Equipment	1,363,375	20,233	-	1,383,608
Total capital assets being depreciated	<u>34,119,690</u>	<u>20,233</u>	<u>-</u>	<u>34,139,923</u>
Less accumulated depreciation for:				
Land improvements	(7,363,622)	(107,186)	-	(7,470,808)
Buildings and improvements	(14,126,103)	(589,436)	-	(14,715,539)
Equipment	(1,044,857)	(74,109)	-	(1,118,966)
Total accumulated depreciation	<u>(22,534,582)</u>	<u>(770,731)</u>	<u>-</u>	<u>(23,305,313)</u>
Total capital assets being depreciated, net	<u>11,585,108</u>	<u>(750,498)</u>	<u>-</u>	<u>10,834,610</u>
Governmental activities capital assets, net	<u>\$ 13,817,736</u>	<u>\$ 995,864</u>	<u>\$ -</u>	<u>\$ 14,813,600</u>

Depreciation was charged to functions as follows:

Instruction	\$ 587,914
Instruction Related	122,005
Pupil Services	48,151
General Administration	6,347
Plant Services	6,314
	<u>\$ 770,731</u>



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## H. Interfund Balances and Activities

### 1. Interfund Receivables and Payables (Due To and From Other Funds)

Balances due to and due from other funds at June 30, 2022, consisted of the following:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
Capital Outlay Projects	General Fund	\$ 1,000,000	Capital Projects
General Fund	Cafeteria Fund	220,717	Indirect Costs & Payroll Loan
General Fund	Capital Outlay Projects	15,000	Reimburse Expenditures
	Total	<u>\$ 1,235,717</u>	

All amounts due are scheduled to be repaid within one year.

### 2. Interfund Transfers Between Funds

Interfund transfers during the year ended June 30, 2022, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
Capital Outlay Projects	General Fund	\$ 750,000	Capital Projects
	Total	<u>\$ 750,000</u>	

## I. Accounts Payable

Accounts payable balances as of June 30, 2022, consisted of:

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>		
Vendors payable	\$ 1,699,287	\$ 24,989	\$ 37,040	\$ 1,761,316
Payroll and benefits	203,697	-	2,042	205,739
Total accounts payable	<u>\$ 1,902,984</u>	<u>\$ 24,989</u>	<u>\$ 39,082</u>	<u>\$ 1,967,055</u>

**Alpine Union School District**

Notes to the Financial Statements, Continued

June 30, 2022

**J. Unearned Revenue**

Unearned revenue balances as of June 30, 2022, consisted of:

	<u>General Fund</u>
Federal Programs	
Title III	\$ 11,446
ESSER/GEER	116,519
State Programs	
Universal Pre-K	129,466
In-Person Instruction Grant	329,262
Local Sources	
Registration Fees	<u>894</u>
Total Unearned Revenue	<u>\$ 587,587</u>

**K. Short-Term Debt Activity**

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

The District participated in the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Series 2020B-2 issued March 18, 2021. The notes matured on January 31, 2022 including interest at 0.25%. The District’s share of the Tax and Revenue Anticipation Notes issued was \$992,389. The notes were issued to supplement cash flows of the District.

<u>Description</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax Revenue Anticipation Notes	<u>\$ 992,389</u>	<u>\$ -</u>	<u>\$ 992,389</u>	<u>\$ -</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2022, consisted of:

	Major Governmental Funds				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	
Nonspendable Fund Balance					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Inventory	-	-	-	27,396	27,396
Prepaid Expenditures	12,725	-	-	-	12,725
Total Nonspendable Fund Balance	15,225	-	-	27,396	42,621
Restricted Fund Balance					
Capital Projects	420,196	-	-	457,548	877,744
Debt Service	-	-	4,597,829	-	4,597,829
Educational Programs	708,564	-	-	-	708,564
Other Purposes	90,414	154,671	-	300,147	545,232
Total Restricted Fund Balance	1,219,174	154,671	4,597,829	757,695	6,729,369
Assigned Fund Balance					
Capital Projects	-	2,286,306	-	-	2,286,306
Educational Programs	790,861	-	-	-	790,861
Total Assigned Fund Balance	790,861	2,286,306	-	-	3,077,167
Unassigned Fund Balance					
For Economic Uncertainties	2,123,644	-	-	-	2,123,644
Total Unassigned Fund Balance	2,123,644	-	-	-	2,123,644
Total Fund Balance	\$ 4,148,904	\$ 2,440,977	\$ 4,597,829	\$ 785,091	\$ 11,972,801

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## M. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 10,540,259	\$ 567,894	\$ 2,364,792	\$ 8,743,361	\$ 3,939,790
Certificates of Participation	1,961,897	-	306,149	1,655,748	311,149
Financing Leases Payable	160,085	1,000,000	198,175	961,910	108,658
Net Pension Liability*	14,968,564	-	5,747,752	9,220,812	-
Total OPEB Liability*	2,999,310	110,541	-	3,109,851	-
Compensated Absences*	139,024	36,620	-	175,644	175,644
Total Governmental Activities	<u>\$ 30,769,139</u>	<u>\$ 1,715,055</u>	<u>\$ 8,616,868</u>	<u>\$ 23,867,326</u>	<u>\$ 4,535,241</u>

\*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation are made from the general fund.
- Payments for financing leases are made from the general fund.
- Payments for pension contributions are made from the general fund and cafeteria fund.
- Payments for OPEB contributions are made from the general fund and cafeteria fund.
- Payments for compensated absences are made from the general fund and cafeteria fund.

### 2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On June 3, 1997 registered voters authorized the issuance of \$11,000,000 principal amount of general obligation bonds. Of the amount authorized by voters, no amounts remain unissued.

General obligation bonds payable as of June 30, 2022, are as follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
1997 Election, Series A	09/19/97	3.75 - 5.50%	08/01/22	\$ 2,482,698
1997 Election, Series B	10/22/99	4.00 - 6.15%	08/01/24	3,836,984
Total GO Bonds				<u>\$ 6,319,682</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
1997 Election, Series A				
Principal	\$ 735,830	\$ -	\$ 361,891	\$ 373,939
Premium	5,766	-	2,884	2,882
Accreted Interest	1,876,288	109,342	958,109	1,027,521
1997 Election, Series B				
Principal	2,097,942	-	267,723	1,830,219
Premium	27,631	-	6,908	20,723
Accreted Interest	5,796,802	458,552	767,277	5,488,077
Total GO Bonds	<u>\$ 10,540,259</u>	<u>\$ 567,894</u>	<u>\$ 2,364,792</u>	<u>\$ 8,743,361</u>

The annual requirements to amortize the bonds outstanding at June 30, 2022 are as follows:

Year Ended June 30,	Principal	Accreted Interest	Total
2023	\$ 979,233	\$ 2,950,767	\$ 3,930,000
2024	608,793	2,056,207	2,665,000
2025	616,132	2,253,868	2,870,000
Total	<u>\$ 2,204,158</u>	<u>\$ 7,260,842</u>	<u>\$ 9,465,000</u>

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2022.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

### Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	1997 Series A	1997 Series B
Total Interest Payments on Bonds	\$ 8,930,341	\$ 10,472,621
Less Bond Premium	(205,625)	(194,377)
Net Interest Payments	<u>\$ 8,724,716</u>	<u>\$ 10,278,244</u>
Par Amount of Bonds	2,482,698	3,836,984
Periods	25	25
Effective Interest Rate	14.06%	10.71%

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

### 3. Certificates of Participation

Certificates of participation at June 30, 2022 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2010 Series A COPs	06/16/10	4.513 - 7.33%	04/15/27	\$ 4,470,000
Total COPs				<u>\$ 4,470,000</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2010 Series A COPs				
Principal	\$ 1,985,000	\$ -	\$ 310,000	\$ 1,675,000
Discount	(23,103)	-	(3,851)	(19,252)
Total COPs	<u>\$ 1,961,897</u>	<u>\$ -</u>	<u>\$ 306,149</u>	<u>\$ 1,655,748</u>

The annual requirements to amortize the COPs outstanding at June 30, 2022 are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30,			
2023	315,000	120,012	435,012
2024	340,000	98,182	438,182
2025	325,000	74,110	399,110
2026	335,000	60,776	395,776
2027	360,000	27,108	387,108
Total	<u>\$ 1,675,000</u>	<u>\$ 380,188</u>	<u>\$ 2,055,188</u>

#### *Discount*

COPs premium arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the debt and then amortize the discount over the life of the debt.

Effective interest on general obligation bonds issued at a discount are as follows:

	<u>2010 COPs</u>
Total Interest Payments on COPs	\$ 3,229,510
Plus COPs Discount	<u>65,463</u>
Net Interest Payments	<u>\$ 3,294,973</u>
Par Amount of COPs	4,470,000
Periods	17
Effective Interest Rate	4.34%

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

### 4. Financing Leases

August 2006 the District entered into financing lease agreements for the purchase of solar panels. The leases require annual payments of principal and interest at a rate of 4.65% through August 2021.

April 2017 the District entered into a financing lease agreement with Pinnacle Inc. for the purchase of computer equipment. The original lease was for \$175,000 with annual payments of principal and interest at a rate of 2.19% through April 2021.

During the 2021-22 fiscal year the District entered into lease agreements to purchase Canon copy machines. Proceeds from the financing lease were \$102,431. Payments are due monthly with interest at 1.895% through April 2026.

July 2021, the District entered into a financing lease agreement with CN Financing, Inc. for \$1,000,000 to finance a solar project for which the equipment will belong to the District upon final payment of the lease. The lease requires annual payments of \$110,772 beginning August 1, 2021 with final payment on August 1, 2030. The payments are inclusive of principal and interest at a rate of 2.332%.

Commitments under financing lease agreements for equipment provide for minimum future lease payments as of June 30, 2022, as follows:

Year Ended				
June 30,	Principal	Interest	Total	
2023	\$ 108,658	\$ 21,952	\$ 130,610	
2024	111,113	19,497	130,610	
2025	113,623	16,987	130,610	
2026	111,384	14,426	125,810	
2027	98,715	12,057	110,772	
2028-2032	418,417	24,671	443,088	
Total	<u>\$ 961,910</u>	<u>\$ 109,590</u>	<u>\$ 1,071,500</u>	

### 5. Net Pension Liability

The District's beginning net pension liability was \$14,968,564 and decreased by \$5,747,752 during the year ended June 30, 2022 for an ending net pension liability of \$9,220,812. See Note N for additional information regarding the net pension liability.

### 6. Total OPEB Liability

The District's beginning total OPEB liability was \$2,999,310 and increased by \$110,541 during the year ended June 30, 2022 for an ending total OPEB liability of \$3,109,851. See Note O for additional information regarding the total OPEB liability.

### 7. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022, was \$175,644. This amount is included as part of long-term liabilities in the government-wide financial statements.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## N. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2021-22)	7.000%	7.000%
Required State Contribution Rates (2021-22)	22.910%	22.910%

\*Amounts are limited to 120% of Social Security Wage Base

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2022, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2021-22, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2022, the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2021-22, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2021, due to an amendment of Government Code §20825.2.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## *On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2022 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	\$ 695,231	\$ 219,770
2021	10.328%	737,560	518,604
2022	10.828%	834,479	145,432

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

### d. Contributions Recognized

For the fiscal year ended June 30, 2022 (measurement period June 30, 2021), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,200,828	\$ 562,446	\$ 1,763,274
Contributions - State On Behalf Payments	145,432	-	145,432
Total Governmental Funds	<u>\$ 1,346,260</u>	<u>\$ 562,446</u>	<u>\$ 1,908,706</u>
	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,122,814	\$ 423,722	\$ 1,546,536
Contributions - State On Behalf Payments	834,479	-	834,479
Total Government-Wide	<u>\$ 1,957,293</u>	<u>\$ 423,722</u>	<u>\$ 2,381,015</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## 2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 6,383,752	\$ 2,837,060	\$ 9,220,812

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to measurement date June 30, 2021 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2021 and June 30, 2022 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2021	0.01140%	0.00750%	0.01890%	0.01260%
Proportion June 30, 2022	0.01400%	0.00880%	0.02280%	0.01400%
Change in Proportion	0.00260%	0.00130%	0.00390%	0.00140%

\*Represents State's Proportionate Share on behalf of District employees.

### a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (4,705,551)	\$ (1,042,201)	\$ (5,747,752)
State On Behalf Pension Expense	145,432	-	145,432
Employer Contributions to Pension Expense	1,200,828	562,446	1,763,274
Change in Contributions Subsequent to Measurement Date	(78,014)	(138,724)	(216,738)
Change in Other Deferred Outflows/Inflows of Resources	3,516,063	824,797	4,340,860
Total Pension Expense - Governmental	\$ 78,758	\$ 206,318	\$ 285,076

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

b. Deferred Outflows and Inflows of Resources

At June 30, 2022, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 1,200,828	\$ 562,446	\$ 1,763,274
Differences between actual and expected experience	12,694	83,175	95,869
Changes in assumptions	614,027	-	614,027
Changes in employer's proportionate share	2,004,079	333,679	2,337,758
Total Deferred Outflows of Resources	<u>\$ 3,831,628</u>	<u>\$ 979,300</u>	<u>\$ 4,810,928</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 623,387	\$ 6,688	\$ 630,075
Changes in employer's proportionate share	868,492	418,143	1,286,635
Net difference between projected and actual earnings	5,153,537	1,104,090	6,257,627
Total Deferred Inflows of Resources	<u>\$ 6,645,416</u>	<u>\$ 1,528,921</u>	<u>\$ 8,174,337</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2023	\$ 1,989,977	\$ 718,069	\$ (1,760,954)	\$ (464,729)	\$ 482,363
2024	789,148	99,178	(1,631,551)	(439,593)	(1,182,818)
2025	517,841	81,724	(1,592,725)	(321,790)	(1,314,950)
2026	517,840	80,329	(1,509,414)	(302,809)	(1,214,054)
2027	16,822	-	(83,259)	-	(66,437)
Thereafter	-	-	(67,513)	-	(67,513)
Total	<u>\$ 3,831,628</u>	<u>\$ 979,300</u>	<u>\$ (6,645,416)</u>	<u>\$ (1,528,921)</u>	<u>\$ (3,363,409)</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2022, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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### d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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

<b>CalSTRS</b>		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%
*20 year average		

<b>CalPERS</b>			
<u>Asset Class<sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10<sup>(2,4)</sup></u>	<u>Real Return Years 11+<sup>(3,4)</sup></u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, 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% is used for this period.

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

(4) Figures are based on the previous ALM of 2017

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 12,995,259	\$ 4,783,681
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 6,383,752	\$ 2,837,060
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 896,529	\$ 1,220,946



**Alpine Union School District**  
Notes to the Financial Statements, Continued  
June 30, 2022

1. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

**CalSTRS Governmental Activities**

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
<b>Balance at June 30, 2021</b>					
(Previously Reported)	\$ 65,261,833	\$ 46,871,037	\$ 18,390,796	\$ 7,301,493	\$ 11,089,303
<b>Changes for the year</b>					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	13,221,380	9,495,593	3,725,787	1,220,688	2,505,099
Service cost	1,737,211	-	1,737,211	669,399	1,067,812
Interest	5,562,406	-	5,562,406	2,143,362	3,419,044
Difference between expected and actual experience	(768,873)	-	(768,873)	(296,270)	(472,603)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	1,314,140	(1,314,140)	(506,378)	(807,762)
Employee	-	854,115	(854,115)	(329,116)	(524,999)
State on behalf	-	851,467	(851,467)	(328,096)	(523,371)
Net investment income	-	15,299,554	(15,299,554)	(5,895,376)	(9,404,178)
Other income	-	20,643	(20,643)	(7,955)	(12,688)
Benefit payments <sup>(1)</sup>	(3,813,129)	(3,813,129)	-	-	-
Administrative expenses	-	(57,410)	57,410	22,122	35,288
Borrowing costs	-	(20,449)	20,449	7,880	12,569
Other expenses	-	(389)	389	151	238
Net changes	15,938,995	23,944,135	(8,005,140)	(3,299,589)	(4,705,551)
<b>Balance at June 30, 2022</b>	<u>\$ 81,200,828</u>	<u>\$ 70,815,172</u>	<u>\$ 10,385,656</u>	<u>\$ 4,001,904</u>	<u>\$ 6,383,752</u>

(1) – Includes refunds of employee contributions

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2021</b>			
(Previously Reported)	\$ 12,932,483	\$ 9,053,222	\$ 3,879,261
<b>Changes for the year</b>			
Change in proportionate share	1,338,972	937,331	401,641
Service cost	327,509	-	327,509
Interest	1,006,878	-	1,006,878
Difference between expected and actual experience	(8,917)	-	(8,917)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	414,684	(414,684)
Employee	-	142,192	(142,192)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	2,222,344	(2,222,344)
Benefit payments <sup>(1)</sup>	(688,168)	(688,168)	-
Administrative expenses	-	(9,908)	9,908
Other expenses	-	-	-
Net changes	1,976,274	3,018,475	(1,042,201)
<b>Balance at June 30, 2022</b>	<b>\$ 14,908,757</b>	<b>\$ 12,071,697</b>	<b>\$ 2,837,060</b>

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## O. Post-Employment Benefits Other than Pension (OPEB)

### 1. Plan Description

The District's defined benefit OPEB plan, Alpine Union School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

### 2. Benefits Provided

The District provides medical benefits to eligible retirees who retire at a minimum age of 55 (or for classified employees when they achieve PERS eligibility) and have served the District for at least 15 years. The medical benefits are provided for 10 years or to age 65, whichever is sooner.

### 3. Contributions

The contribution requirements of Plan members and the Alpine Union School District are established and may be amended by the Alpine Union School District through negotiations with bargaining units. As of June 30, 2022 the District pays 100% of eligible employee medical benefits and the retiree pays for premiums of dependents, if any.

### 4. Plan Membership

Membership of the plan consisted of the following as of the June 30, 2022 valuation date, measured as of June 30, 2022 for fiscal year June 30, 2022:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>103</u>
	<u><u>126</u></u>

### 5. Total OPEB Liability

The Alpine Union School District's total OPEB liability of \$3,109,851 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## 6. Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

### **Economic assumptions:**

Inflation	2.50% per annum
Salary increases	2.75% per annum, in aggregate
Discount rate	3.54%
Healthcare cost trend rates	4.00% per year
Retiree's Share of Costs	0.00%

### **Non-economic assumptions:**

#### *Mortality*

Certificated	Most recent CalSTRS mortality tables
Classified	Most recent CalPERS mortality tables

#### *Termination Rates:*

Certificated	Most recent CalSTRS termination rates
Classified	Most Recent CalPERS termination rates

The discount rate used is based on the Bond Buyer 20 Bond Index.

## 7. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Service cost	\$ 185,917
Interest	64,566
Experience (Gains)/Losses	269,760
Changes of assumptions	(203,484)
Benefit payments	<u>(206,218)</u>
Net change in Total OPEB Liability	110,541
Total OPEB Liability - Beginning	<u>2,999,310</u>
Total OPEB Liability - Ending	<u><u>\$ 3,109,851</u></u>

## 8. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Valuation Discount Rate (3.54%)	1% Increase (4.54%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total OPEB Liability	\$ 3,256,536	\$ 3,109,851	\$ 2,967,984

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

### 9. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 2,886,714	\$ 3,109,851	\$ 3,364,321

### 10. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$64,223. At June 30, 2022 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	\$ 245,674	\$ (479,211)
Changes of assumptions	23,876	(654,601)
Total	<u>\$ 269,550</u>	<u>\$ (1,133,812)</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as an increase or decrease to OPEB expense over five to eight year periods. OPEB expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2023	\$ 43,214	\$ (224,365)	\$ (181,151)
2024	24,728	(224,365)	(199,637)
2025	24,728	(224,365)	(199,637)
2026	24,728	(224,365)	(199,637)
2027	24,728	(141,882)	(117,154)
Thereafter	127,424	(94,470)	32,954
Total	<u>\$ 269,550</u>	<u>\$ (1,133,812)</u>	<u>\$ (864,262)</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## P. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

The District purchases insurance through the Schools Insurance Authority's (SIA) insurance purchasing pool. The intent of the SIA pool is to achieve the benefit of reduced premiums for the District by virtue of its grouping and representation with other participants in the SIA pools. Property and liability settled claims have not exceeded commercial coverage for the past three years. Workers compensation is calculated as one experience and a common premium rate is applied to all districts in the SIA pool. Each participant pays its workers' compensation premium based on the rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the equity-pooling fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the SIA pool. Participation in the SIA pool is limited to districts that can meet the SIA pool selection criteria.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

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## Q. Participation in Joint Powers Authorities

The District is a member of the San Diego County Schools Risk Management JPA and the San Diego County Fringe Benefits Consortium, for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

## R. Commitments and Contingencies

### 1. State and Federal Allowances, Awards, and Grants

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

### 2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2022.

### 3. Construction Commitments

As of June 30, 2022, the District had the following construction commitments:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Solar Project	\$ 420,196	June 1, 2023

\*Expected date of completion subject to change

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## S. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2022, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related	\$ 2,742,572	\$ 4,670,014	\$ 2,601,658	\$ 4,810,928
OPEB related	43,005	226,545	-	269,550
Total Deferred Outflows of Resources	<u>\$ 2,785,577</u>	<u>\$ 4,896,559</u>	<u>\$ 2,601,658</u>	<u>\$ 5,080,478</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2023	\$ 1,989,977	\$ 43,214	\$ 2,033,191
2024	1,507,217	24,728	1,531,945
2025	617,019	24,728	641,747
2026	599,564	24,728	624,292
2027	97,151	24,728	121,879
Thereafter	-	127,424	127,424
Total	<u>\$ 4,810,928</u>	<u>\$ 269,550</u>	<u>\$ 5,080,478</u>



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## T. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2022, is as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Pension related	\$ 1,981,859	\$ 8,958,090	\$ 2,765,612	\$ 8,174,337
OPEB related	1,159,803	-	25,991	1,133,812
Total Deferred Inflows of Resources	<u>\$ 3,141,662</u>	<u>\$ 8,958,090</u>	<u>\$ 2,791,603</u>	<u>\$ 9,308,149</u>

Future amortization of deferred inflows is as follows:

<u>Year Ending June 30,</u>	<u>Pension Related</u>	<u>OPEB Related</u>	<u>Total</u>
2023	\$ 1,760,954	\$ 224,365	\$ 1,985,319
2024	2,096,280	224,365	2,320,645
2025	2,032,318	224,365	2,256,683
2026	1,831,204	224,365	2,055,569
2027	386,068	141,882	527,950
Thereafter	67,513	94,470	161,983
Total	<u>\$ 8,174,337</u>	<u>\$ 1,133,812</u>	<u>\$ 9,308,149</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2022

## U. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>GASB Statement No. 99, Omnibus 2022</b>	04/2022	2022-23 Thru 2023-24
<b>GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62</b>	06/2022	2024-25
<b>GASB Statement No. 101, Compensated Absences</b>	06/2022	2024-25
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021</b>	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District’s financial statements has not yet been determined.

Required Supplementary Information

# Alpine Union School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 6,980,160	\$ 6,962,122	\$ 6,876,653	\$ (85,469)
Education Protection Account	2,285,839	2,153,097	1,937,482	(215,615)
Property Taxes	5,726,654	5,816,165	6,073,995	257,830
Federal Revenue	1,817,523	2,814,703	1,441,547	(1,373,156)
Other State Revenue	1,318,604	2,600,167	2,328,641	(271,526)
Interest & Investment Income	92,000	31,112	(66,429)	(97,541)
Other Local Revenue	1,434,784	1,602,295	1,709,504	107,209
<b>Total Revenues</b>	<u>19,655,564</u>	<u>21,979,661</u>	<u>20,301,393</u>	<u>(1,678,268)</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	7,523,103	7,526,883	7,397,339	129,544
Classified Salaries	2,884,212	3,260,919	3,043,814	217,105
Employee Benefits	5,094,720	4,837,623	4,618,847	218,776
Books and Supplies	633,682	782,143	727,996	54,147
Services and Other	4,033,303	3,744,393	3,103,896	640,497
Other Outgo	197,000	89,238	86,120	3,118
Direct Support/Indirect Costs	-	-	(17,943)	17,943
Capital Outlay	-	-	8,038	(8,038)
Debt Service				
Principal	423,698	515,297	508,175	7,122
Interest	197,510	160,634	34,706	125,928
<b>Total Expenditures</b>	<u>20,987,228</u>	<u>20,917,130</u>	<u>19,510,988</u>	<u>1,406,142</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(1,331,664)</u>	<u>1,062,531</u>	<u>790,405</u>	<u>(272,126)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(750,000)	(750,000)	-
Proceeds from Financing Leases	-	-	420,196	420,196
<b>Net Financing Sources (Uses)</b>	<u>-</u>	<u>(750,000)</u>	<u>(329,804)</u>	<u>420,196</u>
<b>Net Change in Fund Balance</b>				
	(1,331,664)	312,531	460,601	148,070
<b>Fund Balance - Beginning of Year</b>	<u>3,688,303</u>	<u>3,688,303</u>	<u>3,688,303</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,356,639</u>	<u>\$ 4,000,834</u>	<u>\$ 4,148,904</u>	<u>\$ 148,070</u>

See Accompanying Notes to Required Supplementary Information

## Alpine Union School District

### Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0140%	0.0114%	0.0128%	0.0131%	0.0133%	0.0142%	0.0150%	0.0156%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 6,383,752	\$ 11,089,303	\$ 11,520,008	\$ 12,049,007	\$ 12,259,182	\$ 11,481,390	\$ 10,126,040	\$ 9,112,358	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	4,001,904	7,301,493	6,162,369	6,435,700	6,967,462	6,366,968	5,466,702	4,679,621	N/A	N/A
Total	<u>\$ 10,385,656</u>	<u>\$ 18,390,796</u>	<u>\$ 17,682,377</u>	<u>\$ 18,484,707</u>	<u>\$ 19,226,644</u>	<u>\$ 17,848,358</u>	<u>\$ 15,592,742</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 8,242,025	\$ 7,044,351	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	\$ 6,909,600	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,200,828	\$ 1,331,087	\$ 1,204,584	\$ 1,116,164	\$ 1,004,671	\$ 881,718	\$ 756,762	\$ 617,215	N/A	N/A
Contributions in relation to the contractually required contribution	(1,200,828)	(1,331,087)	(1,204,584)	(1,116,164)	(1,004,671)	(881,718)	(756,762)	(617,215)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll**	\$ 7,097,092	\$ 8,242,025	\$ 7,044,351	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

## Alpine Union School District

### Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0140%	0.0126%	0.0136%	0.0160%	0.0157%	0.0164%	0.0160%	0.0176%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 2,837,060	\$ 3,879,261	\$ 3,954,292	\$ 4,258,638	\$ 3,751,108	\$ 3,236,921	\$ 2,354,564	\$ 1,996,391	N/A	N/A
District's covered payroll**	\$ 2,003,290	\$ 1,837,508	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	\$ 1,849,039	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.26%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 562,446	\$ 414,681	\$ 362,375	\$ 342,951	\$ 330,747	\$ 280,283	\$ 235,128	\$ 209,100	N/A	N/A
Contributions in relation to the contractually required contribution	(562,446)	(414,681)	(362,375)	(342,951)	(330,747)	(280,283)	(235,128)	(209,100)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll**	\$ 2,455,024	\$ 2,003,290	\$ 1,837,508	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information



## Alpine Union School District

### Schedule of the District's Total OPEB Liability and Related Ratios – AUSD Retirement Health Benefits Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 185,917	\$ 179,807	\$ 278,684	\$ 270,567	\$ 265,736	N/A	N/A	N/A	N/A	N/A
Interest	64,566	64,517	139,837	159,946	154,401	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	(144,764)	-	N/A	N/A	N/A	N/A	N/A
Experience differences	269,760	-	(791,742)	-	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(203,484)	6,674	(775,343)	92,434	(25,554)	N/A	N/A	N/A	N/A	N/A
Other	-	-	(27,938)	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(206,218)	(188,762)	(372,724)	(382,402)	(359,063)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	110,541	62,236	(1,549,226)	(4,219)	35,520	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	2,999,310	2,937,074	4,486,300	4,490,519	4,454,999	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 3,109,851</u>	<u>\$ 2,999,310</u>	<u>\$ 2,937,074</u>	<u>\$ 4,486,300</u>	<u>\$ 4,490,519</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	\$ 9,194,066	\$ 8,606,821	\$ 8,606,821	\$ 8,680,000	\$ 8,680,000	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	33.82%	34.85%	34.12%	51.69%	51.73%	N/A	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2022

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## Excess of Expenditures Over Appropriations

As of June 30, 2022, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
--------------------------------	----------------------------	---------------------------------------

### General Fund:

Capital Outlay	8,038	The District did not budget for capital outlay.
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Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

### Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020 (released in May 2021). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

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

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

### Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
<u>Reporting Period</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

# Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

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## Schedule of Changes in the District's Total OPEB Liability and Related Ratios

1. Benefit Changes: Benefit changes are consistent with bargaining agreements.
2. Changes in Assumptions: Assumptions were updated for changes in discount rate and updates to CalSTRS and CalPERS mortality rates and experience studies.
3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.50%
2019	3.15%
2020	2.20%
2021	2.16%
2022	3.54%

## Combining Statements as Supplementary Information

# Alpine Union School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria Fund	Capital Facilities Fund	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 389,112	\$ 470,520	\$ 859,632
Accounts Receivable	157,862	-	157,862
Stores Inventories	27,396	-	27,396
Total Assets	<u>\$ 574,370</u>	<u>\$ 470,520</u>	<u>\$ 1,044,890</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	26,110	12,972	39,082
Due to Other Funds	220,717	-	220,717
Total Liabilities	<u>\$ 246,827</u>	<u>\$ 12,972</u>	<u>\$ 259,799</u>
Fund Balance:			
Nonspendable	27,396	-	27,396
Restricted	300,147	457,548	757,695
Total Fund Balance	<u>327,543</u>	<u>457,548</u>	<u>785,091</u>
Total Liabilities and Fund Balances	<u>\$ 574,370</u>	<u>\$ 470,520</u>	<u>\$ 1,044,890</u>

# Alpine Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2022

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria Fund	Capital Facilities Fund	
<b>Revenues</b>			
Federal Revenue	\$ 917,633	\$ -	\$ 917,633
Other State Revenue	63,108	-	63,108
Interest and Investment Earnings/(Losses)	(9,321)	(9,720)	(19,041)
Other Local Revenue	16,951	259,325	276,276
Total Revenues	988,371	249,605	1,237,976
<b>Expenditures</b>			
Expenditures:			
Current:			
Pupil Services	732,886	-	732,886
General Administration	17,943	-	17,943
Capital Outlay	12,195	51,617	63,812
Total Expenditures	763,024	51,617	814,641
Net Change in Fund Balance	225,347	197,988	423,335
Fund Balance, Beginning of Year	102,196	259,560	361,756
Fund Balance, End of Year	\$ 327,543	\$ 457,548	\$ 785,091



## Other Supplementary Information

# Alpine Union School District

Local Education Agency Organization Structure

June 30, 2022

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The Alpine Union School District was established in 1931. There were no changes to the boundaries of the District during the current fiscal year. The District is currently operating one elementary school for kindergarten students, three elementary schools for grades one through five, one middle school, and one alternative education home school.

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## GOVERNING BOARD

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<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Glenn Dickie	President	Four Year Term Expires December 2022
Albert Guerra	Vice President	Four Year Term Expires December 2022
Travis Lyon	Clerk	Four Year Term Expires December 2024
Joseph Perricone	Member	Four Year Term Expires December 2024
Eric Wray	Member	Four Year Term Expires December 2022

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## ADMINISTRATION

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Richard Newman, Ed.D  
Superintendent

William Pickering  
Chief Business Officer

**Alpine Union School District**  
 Schedule of Average Daily Attendance  
 Year Ended June 30, 2022

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	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Original</u>		<u>Original</u>	
	<u>71E3F3B1</u>	<u>Revised</u>	<u>F7A3ACCC</u>	<u>Revised</u>
TK/K-3				
Regular ADA	681.75	643.23	681.75	663.88
Extended Year Special Education	1.58	1.58	1.58	1.58
Total TK/K-3	<u>683.33</u>	<u>644.81</u>	<u>683.33</u>	<u>665.46</u>
Grades 4-6				
Regular ADA	460.14	426.33	460.14	429.87
Extended Year Special Education	0.60	0.60	0.60	0.60
Total Grades 4-6	<u>460.74</u>	<u>426.93</u>	<u>460.74</u>	<u>430.47</u>
Grades 7-8				
Regular ADA	258.22	239.65	258.22	245.04
Extended Year Special Education	0.17	0.17	0.17	0.17
Total Grades 7-8	<u>258.39</u>	<u>239.82</u>	<u>258.39</u>	<u>245.21</u>
Total ADA	<u>1,402.46</u>	<u>1,311.56</u>	<u>1,402.46</u>	<u>1,341.14</u>

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

# Alpine Union School District

## Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	52,450	0	52,450	180	0	180	Complied
Kindergarten	36,000	52,450	0	52,450	180	0	180	Complied
1st Grade	50,400	53,550	0	53,550	180	0	180	Complied
2nd Grade	50,400	53,550	0	53,550	180	0	180	Complied
3rd Grade	50,400	53,550	0	53,550	180	0	180	Complied
4th Grade	54,000	55,260	0	55,260	180	0	180	Complied
5th Grade	54,000	55,260	0	55,260	180	0	180	Complied
6th Grade	54,000	57,480	0	57,480	180	0	180	Complied
7th Grade	54,000	57,480	0	57,480	180	0	180	Complied
8th Grade	54,000	57,480	0	57,480	180	0	180	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112: Grades 1 to 3 230 minutes
- EC §46113: Grades 4 to 8 240 minutes
- EC §46114: Kindergarten 180 minutes
- EC §46141: Grades 9 to 12 240 minutes

# Alpine Union School District

## Schedule of Financial Trends and Analysis Year Ended June 30, 2022

General Fund	Budget 2023 (See Note 1)	2022	2021	2020
Revenues and Other Financing Sources	\$ 19,339,353	\$ 20,721,589	\$ 20,233,161	\$ 17,774,798
Expenditures and Other Financing Uses	19,832,959	20,260,988	20,510,574	17,056,746
Net Change in Fund Balance	(493,606)	460,601	(277,413)	718,052
Ending Fund Balance	<u>\$ 3,655,298</u>	<u>\$ 4,148,904</u>	<u>\$ 3,688,303</u>	<u>\$ 3,965,716</u>
Available Reserves (See Note 2)	<u>\$ 2,045,017</u>	<u>\$ 2,123,644</u>	<u>\$ 2,975,059</u>	<u>\$ 3,330,045</u>
Available Reserves as a Percentage of Total Outgo	<u>10.31%</u>	<u>10.48%</u>	<u>14.51%</u>	<u>19.52%</u>
Long Term Debt (See Note 3)	<u>\$ 7,418,516</u>	<u>\$ 11,361,019</u>	<u>\$ 12,662,241</u>	<u>\$ 14,428,605</u>
Average Daily Attendance at P2	<u>1,402</u>	<u>1,312</u>	<u>N/A</u>	<u>1,561</u>

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.

The general fund balance has increased by \$183,188 (4.6%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$493,606 (11.9%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by \$3,067,586 over the past two years.

ADA has decreased by 249 as compared to 2019-20. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2023 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Total long-term debt consists of general obligation bonds payable, certificates of participation, and financing leases.

# Alpine Union School District

## Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2022

	General Fund (Fund 01)	Cafeteria Fund (Fund 13)	Capital Facilities Fund (Fund 25)	Special Reserve Fund for Capital Outlay Projects (Fund 40)	Bond Interest and Redemption Fund (Fund 51)
June 30, 2022, annual financial and budget report fund balances	\$ 3,829,712	\$ 337,418	\$ 470,213	\$ 2,444,765	\$ 4,714,312
Adjustments and reclassifications:					
Increasing (decreasing) the fund balance:					
Fair market value adjustment	(101,004)	(9,875)	(12,665)	(3,788)	(116,483)
Understatement of cash with a fiscal agent	420,196	-	-	-	-
Net adjustments and reclassifications	<u>319,192</u>	<u>(9,875)</u>	<u>(12,665)</u>	<u>(3,788)</u>	<u>(116,483)</u>
June 30, 2022, audited financial statement fund balances	<u>\$ 4,148,904</u>	<u>\$ 327,543</u>	<u>\$ 457,548</u>	<u>\$ 2,440,977</u>	<u>\$ 4,597,829</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

# **Alpine Union School District**

Schedule of Charter Schools

Year Ended June 30, 2022

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As of June 30, 2022, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

**Alpine Union School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Summer Food Service Program	10.559	13006	\$ -	\$ 713,901
Summer Food Service Program - Noncash Commodities	10.559	13006	-	42,890
Total Child Nutrition Cluster			-	756,791
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	293,338
IDEA Preschool Grants	84.173	13430	-	21,416
IDEA Assistance Entitlement	84.027	15638	-	1,011
Total Special Education (IDEA) Cluster			-	315,765
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	35,006
School Climate Transformation	84.184	N/A	-	120,000
Passed through California Department of Education				
Title I	84.010	14329	-	199,784
Title I Program Improvement	84.010	14581	-	13,740
Indian Education	84.060	10011	-	36,699
Title II Supporting Effective Instruction	84.367	14341	-	38,878
Title IV Student Support & Academic Enrichment	84.424	15396	-	24,567
Workability II Transition Partnership	84.126	10006	-	12,500
ESSER	84.425D	15536	-	11
ESSER II	84.425D	15547	-	2,688
ESSER III	84.425D	15559	-	46,977
ESSER III - Learning Loss	84.425U	10155	-	182,053
ELO - ESSER II	84.425	15618	-	155,494
ELO - GEER II	84.425	15919	-	35,687
ELO - ESSER III Emergency Needs	84.425	15620	-	101,364
ELO - ESSER III Learning Loss	84.425	15621	-	95,037
Total Other Programs			-	1,100,485
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 2,173,041

See Accompanying Notes to Schedule of Expenditures of Federal Awards



# Alpine Union School District

Notes to the Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2022

## Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

## Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.30% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Title I	84.010	2.70%
Child Nutrition Cluster	10.553, 10.555	4.82%
CARES Act - ESSER II	84.425D	1.97%
ELO - GEER II	84.425	3.44%
ELO - ESSER III Emergency Needs	84.425	5.92%
Title II Supporting Effective Instruction	84.367	0.19%

## Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 199,784
Title I Program Improvement	84.010	13,740

# Alpine Union School District

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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### Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$41,511 from the federal government.

### Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

As a result of additional funding received due to the COVID-19 pandemic, the District did not expend all of their Child Nutrition revenue or Pandemic EBT grant revenue received during the fiscal year.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,359,180
Less: Unexpended Child Nutrition Revenue	(160,231)
Less: Amounts representing Medi-Cal	(25,295)
Less: Unexpended Pandemic EBT Grant	<u>(613)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 2,173,041</u>

## Other Independent Auditors' Reports

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*

To the Board of Education  
Alpine Union School District

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 Union School District (the District), as of and for the year ended June 30, 2022, 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 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

## Purpose of this Report

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

Wilkinson-Hadley King + Co LLP  
El Cajon, California  
January 13, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on  
Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education  
Alpine Union School District

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Alpine Union School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Wilkinson Hadley King + Co LLP*

El Cajon, California  
January 13, 2023



Independent Auditor's Report on State Compliance and on  
Internal Control over State Compliance

To the Board of Education  
Alpine Union School District

**Report on Compliance for Applicable State Programs**

**Opinion on Each Applicable State Program**

We have audited the Alpine Union School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2022.

**Basis for Opinion on Each Applicable State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each applicable state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following programs:

<b><u>Local Education Agencies Other than Charter Schools</u></b>	<b><u>Procedures Performed</u></b>
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
D. Independent Study.....	Yes
E. Continuation Education.....	N/A
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A

<b>School Districts, County Offices of Education, and Charter Schools</b>		<b>Procedures Performed</b>
T.	California Clean Energy Jobs Act.....	N/A
U.	After/Before School Education and Safety Program.....	Yes
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	N/A
DZ.	In Person Instruction Grant.....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Audit Guide and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each applicable state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over State Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We did not identify any material weaknesses; however, material weaknesses may exist that have not been identified.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Wilkinson-Hadley King + Co LLP*

El Cajon, California

January 13, 2023

## Auditor's Results, Findings & Recommendations

**Alpine Union School District**

Schedule of Auditor’s Results

Year Ended June 30, 2022

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
One or more material weakness(es) identified?	<u>        </u> Yes	<u>    X    </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u>        </u> Yes	<u>    X    </u> No
Noncompliance material to financial statements noted?	<u>        </u> Yes	<u>    X    </u> No

**FEDERAL AWARDS**

Internal control over major programs:		
One or more material weakness(es) identified?	<u>        </u> Yes	<u>    X    </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	<u>        </u> Yes	<u>    X    </u> No
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Compliance supplement utilized for single audit	<u>July 2022</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	<u>        </u> Yes	<u>    X    </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.559	Child Nutrition Cluster
84.425D	ESSER
84.425D	ESSER II
84.425D	ESSER III
84.425U	ESSER III - Learning Loss
84.425	ELO - ESSER II
84.425	ELO - GEER II
84.425	ELO - ESSER III Emergency Needs
84.425	ELO - ESSER III Learning Loss

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>	
Auditee qualified as low-risk auditee?	<u>        </u> Yes	<u>    X    </u> No

**Alpine Union School District**  
 Schedule of Auditor's Results, Continued  
 Year Ended June 30, 2022

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**STATE PROGRAMS**

Type of auditor's report issued on compliance for state programs: Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?        Yes   X   No

One or more significant deficiencies identified that are not considered material weakness(es)?   X   Yes        No

Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting?*

  X   Yes        No

# Alpine Union School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

### A. Financial Statement Findings

None

### B. Federal Award Findings

None

### C. State Award Findings

Finding Number: 2022-001  
 Repeat Finding: No  
 Program Name: Attendance  
 Questioned Costs: None  
 Type of Finding: State Compliance - Attendance (10000)  
 Internal Control Over State Compliance (30000)

#### Criteria or Specific Requirement

California Education Code §44809 and California Code of Regulations, Title 5, Section 401 require the California Department of Education to approve the forms and procedures that constitute a Local Education Agency’s attendance accounting system. The District has an approved attendance accounting system that requires teachers to sign and date a weekly printout of attendance records entered online during the previous week.



# Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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### Condition

In our review of attendance records we noted that teachers tested at Boulder Creek Elementary School did not verify attendance within one week of the attendance being entered into the online system. In addition, we noted that when preparing the Annual Report of Attendance the District inadvertently reported P2 ADA numbers instead of the Annual ADA numbers supported by the underlying attendance records.

### Cause

The District was not following approved attendance procedures consistently.

### Effect

Annual report of attendance is understated by 5.31 ADA in the following grade spans:

<u>Grade Span</u>	<u>Audit Adjustment to Annual ADA</u>
TK/K-3	6.05
Grades 4-6	(0.09)
Grades 7-8	<u>(0.65)</u>
Total	<u><u>5.31</u></u>

In addition, the District is at risk of not detecting and correcting errors in attendance in a timely manner.

### Potential Fiscal Impact

The fiscal impact cannot be determined at this time but is expected to be a small increase to some funding items based on ADA at Annual, such as lottery funding.

### Context

We reviewed attendance at three school sites noting that only one site was not following the procedures consistently.

### Recommendation

Provide training to school sites to ensure understanding of approved attendance procedures. Implement internal reviews to ensure all sites are following processes and that amounts reported reconcile with supporting documentation.

### Views of Responsible Officials

See Corrective Action Plan

# Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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Finding Number: 2022-002  
Repeat Finding: No  
Program Name: Independent Study  
Questioned Costs: None  
Type of Finding: State Compliance - Attendance (10000)

### Criteria or Specific Requirement

As a condition of apportionment for independent study, Education Code §51747 requires adopted board policies that have been implemented which include, but are not limited to, ten components as identified in the Audit Guide. In addition, as a condition of apportionment for independent study, Education Code §51747(g) requires a written agreement, meeting the requirements identified in the Education Code and the Audit Guide, for each student participating in the program to be maintained in the student records.

### Condition

In our review of independent study policies adopted by the governing board September 2021, we noted that the policies were missing the following required elements:

1. The maximum length of time, by grade level and type of program, that may elapse between the time an independent study assignment is made and the date by which the pupil must complete the assigned work.
2. Procedures for tiered re-engagement strategies for all pupils who are not generating attendance for more than three schooldays or 60 percent of the instructional days in a school week, or 10 percent of required minimum instructional time over four continuous weeks of a local educational agency's approved instructional calendar, pupils found not participatory pursuant to Education Code §51747.5 for more than the greater of three schooldays or 60 percent of the scheduled days of synchronous instruction in a school month as applicable by grade span, or pupils who are in violation of the written agreement pursuant to subdivision (g). These procedures shall include, but are not necessarily limited to, all of the following: (A) Verification of current contact information for each enrolled pupil. (B) Notification to parents or guardians of lack of participation within one school day of the recording of a non-attendance day. (C) A plan for outreach from the school to determine pupil needs, including connection with health and social services as necessary. (D) A clear standard for requiring a pupil-parent-educator conference to review a pupil's written agreement, and reconsider the independent study program's impact on the pupil's achievement.

We noted that the governing board adopted a revised policy in May 2022 which corrected this issue and included the two missing items.

In our review of independent study agreements on file for students participating in the program, we noted the agreements were missing the following required elements:

1. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code Section 504 of the Federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

# Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Cause

Education Code §51747 was amended July 2021 with changes effective for the 2021-22 fiscal year. The District made a good faith effort to adopt the revised policies and amend the independent study agreement to meet the new requirements, but due to ongoing impacts of COVID-19 pandemic and shortages in staffing, the District missed some of the changes in both the policy and the agreement.

Effect

The District did not meet the conditions of apportionment identified in Education Code §51747. In addition, the 2021-22 ADA loss mitigation is conditioned on the District being able to certify that they had compliant independent study policies in place by November 1, 2021.

Potential Fiscal Impact

Should the state, after review of the facts and circumstances in the finding, determine that they will disallow ADA from independent study as a result of this finding, the fiscal impact is considered apportionment significant to the District. Potential fiscal impact is calculated as follows:

	Independent Study ADA at P2	LCFF Derived Value of ADA	Potential Fiscal Impact	Independent Study ADA at Annual
Grade Span				
Grades TK/K-3	38.52	\$ 9,546.33	\$ 367,724.63	23.92
Grades 4-6	33.81	8,777.07	296,752.74	30.18
Grades 7-8	18.57	9,036.70	167,811.52	12.53
Total Fiscal Impact	<u>90.90</u>		<u>\$ 832,288.89</u>	<u>66.63</u>

Context

As a direct result of the COVID-19 pandemic, independent study was required to be offered by all school districts in the 2021-22 fiscal year. Assembly Bill 130, which contained the independent study requirements for the 2021-22 fiscal year was signed by Governor Newsom on July 9, 2021. The California Department of Education sent notification of the new requirements to all County and District Superintendents and Charter School Administrators in a letter dated July 15, 2021.

Under Assembly Bill 130, the updated board policies were a condition of apportionment and as a result no independent study ADA is eligible for apportionment until compliant board policies are adopted and implemented.

The District was funded based on the ADA reported. There has not been an accrual to reduce revenue in these financial statements because the District can document that they acted in good faith to comply with the new law necessary for apportionment funding and present a case to have the finding penalty waived on grounds of substantial compliance.

## Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

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### Recommendation

Update independent study agreements to ensure compliance with requirements identified in Education Code §51747(g). Implement internal review procedures and policies over the independent study program to ensure compliance to all requirements of the program.

After the audit report is accepted by the California State Controller's Office and within 30 days of receiving the certification letter, the District should file for a Summary Review of the facts and circumstances for this audit finding. Under a Summary Review, the Education Audit Appeals Panel can take into consideration the facts and circumstances surrounding the noncompliance. In doing so, the Education Audit Appeals Panel can reduce or eliminate any fiscal impact of the finding if the facts and circumstances show substantial compliance or mitigating circumstances. If the District does not file for Summary Review, or if the District does not agree with the results of the Summary Review, the District can file a formal appeal for the audit finding. No apportionment reductions will be assessed by the California Department of Education until such a time as the Summary Review or Appeal periods have elapsed.

### Views of Responsible Officials

See Corrective Action Plan

**Superintendent**  
Dr. Richard Newman

**Executive Director of  
Human Resources and  
Student Services**  
Yvette Maier

**Chief Business Officer**  
William Pickering II

## Alpine Union School District



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**Board of Trustees**  
Glenn Dickie, President  
Al Guerra, Vice President  
Travis Lyon, Clerk  
Eric Wray, Member  
Joseph P. Perricone, Member

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January 13, 2013

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

A handwritten signature in black ink that reads 'W Pickering II'. The signature is written in a cursive style with a large 'W' and a distinct 'II' at the end.

William Pickering  
Chief Business Official

# Alpine Union School District

Corrective Action Plan  
Year Ended June 30, 2022

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## State Compliance Findings

Finding Number: 2022-001  
Program Name: Attendance  
Contact Person: William Pickering  
Anticipated Completion Date: February 1, 2023

Planned Corrective Action: The District will provide annual refresher training to all attendance clerks in early fall shortly after the beginning of the school year. For the current year, the training will be conducted on February 1, 2023.

The District will have a second person review the attendance reports before submitted to SDCOE.

Finding Number: 2022-002  
Program Name: Independent Study  
Contact Person: William Pickering  
Anticipated Completion Date: September 12, 2022

Planned Corrective Action: On May 09, 2022, the Board of Trustees approved the Board Policy 6158 that included the two new required elements.

On September 12, 2022, the District updated its independent study agreements to include a section outlining other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

**Alpine Union School District**  
 Schedule of Prior Year Audit Findings  
 Year Ended June 30, 2022

Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2021-001</b>  <b>Deposits</b></p> <p><u>Condition</u>            In our review of deposits, we noted eight out of twenty-three tested were deposited greater than one month after receipt of the funds.</p> <p><u>Recommendation</u>            Establish an oversight process over deposits to ensure that they are appropriately stored in the District safe and deposited timely.</p>	Implemented	
<p><b>Finding 2021-002</b>  <b>Attendance and Distance Learning</b></p> <p><u>Condition</u>            In our review of the District’s distance learning documentation for the 180 students selected for testing, record keeping for 26 of the students were not in compliance, resulting in a total of 16 days of noncompliance for Grade 6 and 94 days of noncompliance for Grades 7-8.</p> <p><u>Recommendation</u>            Establish procedures to ensure proper record keeping for students during distance learning as required by Education Code Section 43504(d) and Education Code Section 43504(e).</p>	N/A	Distance learning was a program offered only during the 2020-21 fiscal year.