

LAYTONVILLE UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2021



LAYTONVILLE UNIFIED SCHOOL DISTRICT
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JUNE 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Laytonville Unified School District
Laytonville, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note 15 to the basic financial statements, the Laytonville Unified School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laytonville Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 supplementary information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 28, 2022 on our consideration of Laytonville Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Laytonville Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laytonville Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 28, 2022

LAYTONVILLE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

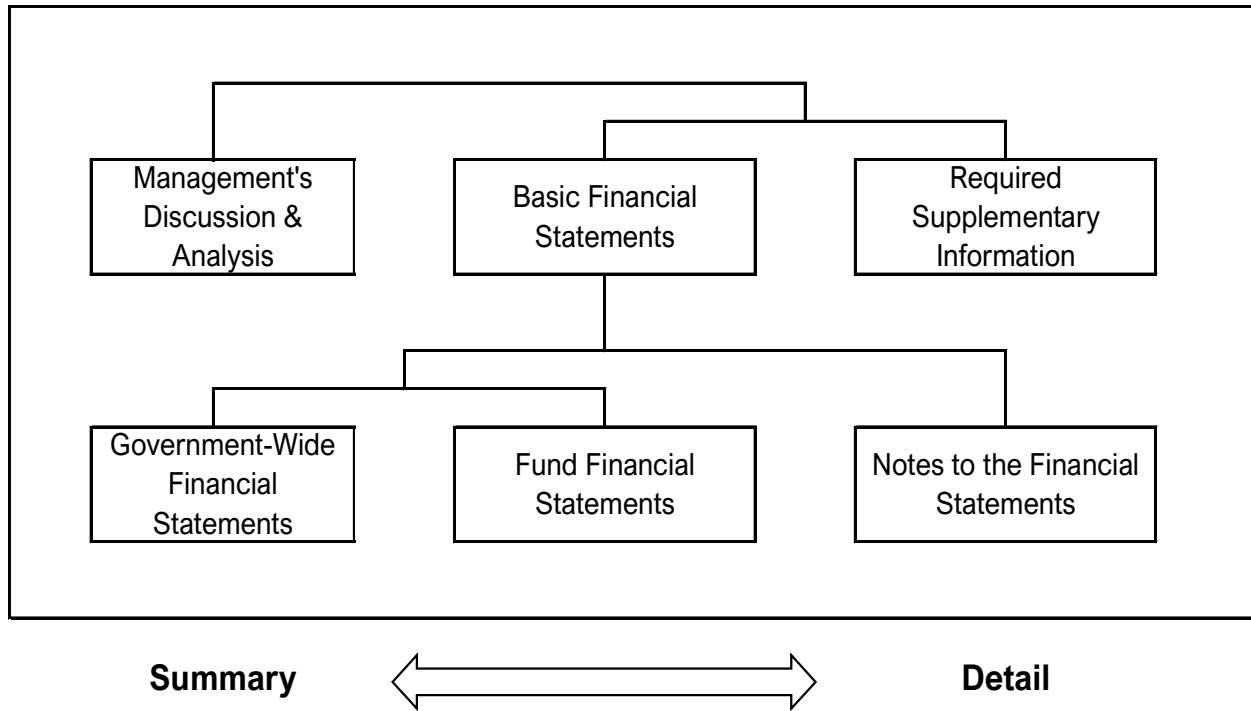
Our discussion and analysis of Laytonville Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$7,879,042 at June 30, 2021. This was an increase of \$2,459,976 from the prior year, after restatement.
- Overall revenues were \$8,936,938 which exceeded expenses of \$6,476,962.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity’s overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.

 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how it has changed. Net position is one way to measure the District’s financial health or position. Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District’s basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$7,879,042 at June 30, 2021, as reflected in the table below. Of this amount, \$(3,420,643) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 6,519,648	\$ 5,015,686	\$ 1,503,962
Capital assets	14,814,811	13,506,625	1,308,186
Total Assets	21,334,459	18,522,311	2,812,148
DEFERRED OUTFLOWS OF RESOURCES	1,165,558	1,369,617	(204,059)
LIABILITIES			
Current liabilities	1,302,721	1,050,723	251,998
Long-term liabilities	12,887,469	13,065,064	(177,595)
Total Liabilities	14,190,190	14,115,787	74,403
DEFERRED INFLOWS OF RESOURCES	430,785	447,813	(17,028)
NET POSITION			
Net investment in capital assets	8,829,087	8,426,262	402,825
Restricted	2,470,598	741,760	1,728,838
Unrestricted	(3,420,643)	(3,839,694)	419,051
Total Net Position	\$ 7,879,042	\$ 5,328,328	\$ 2,550,714

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 177,455	\$ 187,024	\$ (9,569)
Operating grants and contributions	1,792,232	962,930	829,302
Capital grants and contributions	1,801,010	-	1,801,010
General revenues			
Property taxes	3,258,796	3,134,925	123,871
Unrestricted federal and state aid	1,827,282	2,015,477	(188,195)
Other	80,163	205,006	(124,843)
Total Revenues	8,936,938	6,505,362	2,431,576
EXPENSES			
Instruction	3,139,008	3,165,982	(26,974)
Instruction-related services	978,636	810,924	167,712
Pupil services	785,050	765,002	20,048
General administration	548,398	563,909	(15,511)
Plant services	538,658	617,738	(79,080)
Ancillary and community services	146,863	188,507	(41,644)
Debt service	340,349	363,836	(23,487)
Total Expenses	6,476,962	6,475,898	1,064
Change in net position	2,459,976	29,464	2,430,512
Net Position - Beginning, as Restated*	5,419,066	5,298,864	120,202
Net Position - Ending	\$ 7,879,042	\$ 5,328,328	\$ 2,550,714

**Beginning net position was restated for the 2021 year only.*

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

The cost of all our governmental activities this year was \$6,476,962. The net cost of services for the year ended June 30, 2021 was \$2,706,265. The amount that our taxpayers ultimately financed for these activities through taxes was \$3,258,796 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

	Net Cost of Services	
	2021	2020
Instruction	\$ 252,973	\$ 2,493,722
Instruction-related services	681,960	698,734
Pupil services	513,365	531,598
General administration	504,337	539,217
Plant services	358,379	605,673
Ancillary and community services	54,902	93,164
Debt service	340,349	363,836
Total Expenses	\$ 2,706,265	\$ 5,325,944

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$5,525,798, which is more than this year’s restated beginning fund balance of \$4,340,779. The District’s General Fund had \$856,455 more in operating revenues than expenditures for the year ended June 30, 2021. The District’s Building Fund had \$1,061,334 less in operating revenues than expenditures for the year ended June 30, 2021. The County School Facilities Fund had \$1,528,682 more in operating revenues than expenditures for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a frequent basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the District had invested \$14,814,811 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 507,448	\$ 320,665	\$ 186,783
Construction in progress	6,024,906	4,596,027	1,428,879
Land improvements	408,021	366,955	41,066
Buildings & improvements	15,091,997	15,091,997	-
Furniture & equipment	702,539	702,539	-
Accumulated depreciation	(7,920,100)	(7,571,558)	(348,542)
Total Capital Assets	\$ 14,814,811	\$ 13,506,625	\$ 1,308,186

Long-Term Liabilities

At year-end, the District had \$12,887,469 in long-term liabilities, a decrease of 1 percent from the prior year. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 7,656,579	\$ 8,007,386	\$ (350,807)
Compensated absences	15,383	19,670	(4,287)
Total OPEB liability	198,946	170,319	28,627
Net pension liability	5,543,339	5,359,467	183,872
Less: current portion of long-term liabilities	(526,778)	(491,778)	(35,000)
Total Long-term Liabilities	\$ 12,887,469	\$ 13,065,064	\$ (177,595)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19-induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

The May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District Office at 150 Ramsey Road; Laytonville, CA, 95454.

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

	Governmental Activities
ASSETS	
Cash and investments	\$ 5,803,908
Accounts receivable	715,740
Capital assets, not depreciated	6,532,354
Capital assets, net of accumulated depreciation	8,282,457
Total Assets	<u>21,334,459</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,149,337
Deferred outflows related to OPEB	16,221
Total Deferred Outflows of Resources	<u>1,165,558</u>
LIABILITIES	
Deficit cash	15,644
Accrued liabilities	565,334
Unearned revenue	194,965
Long-term liabilities, current portion	526,778
Long-term liabilities, non-current portion	12,887,469
Total Liabilities	<u>14,190,190</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	357,144
Deferred inflows related to OPEB	73,641
Total Deferred Inflows of Resources	<u>430,785</u>
NET POSITION	
Net investment in capital assets	8,829,087
Restricted:	
Capital projects	1,629,672
Debt service	541,261
Educational programs	259,038
Food service	250
Associated student body	40,377
Unrestricted	(3,420,643)
Total Net Position	<u>\$ 7,879,042</u>

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
GOVERNMENTAL ACTIVITIES					Governmental Activities
Instruction	\$ 3,139,008	\$ 147,001	\$ 938,024	\$ 1,801,010	\$ (252,973)
Instruction-related services					
Instructional supervision and administration	228,274	1,903	73,796	-	(152,575)
Instructional library, media, and technology	285,288	514	194,322	-	(90,452)
School site administration	465,074	-	26,141	-	(438,933)
Pupil services					
Home-to-school transportation	177,726	-	2,949	-	(174,777)
Food services	189,667	-	141,802	-	(47,865)
All other pupil services	417,657	15,985	110,949	-	(290,723)
General administration					
Centralized data processing	19,258	-	-	-	(19,258)
All other general administration	529,140	3,288	40,773	-	(485,079)
Plant services	538,658	8,723	171,556	-	(358,379)
Ancillary services	146,490	-	91,620	-	(54,870)
Community services	373	41	300	-	(32)
Interest on long-term debt	340,349	-	-	-	(340,349)
Total Governmental Activities	\$ 6,476,962	\$ 177,455	\$ 1,792,232	\$ 1,801,010	(2,706,265)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					2,528,998
Property taxes, levied for debt service					729,798
Federal and state aid not restricted for specific purposes					1,827,282
Interest and investment earnings					39,511
Interagency revenues					4,860
Miscellaneous					35,792
Subtotal, General Revenue					5,166,241
CHANGE IN NET POSITION					2,459,976
Net Position - Beginning, as Restated					5,419,066
Net Position - Ending					\$ 7,879,042

The accompanying notes are an integral part of these financial statements.

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,852,166	\$ -	\$ 1,774,850	\$ 820,627	\$ 5,447,643
Accounts receivable	698,964	-	-	16,776	715,740
Due from other funds	69,008	333	-	2,403	71,744
Total Assets	\$ 3,620,138	\$ 333	\$ 1,774,850	\$ 839,806	\$ 6,235,127
LIABILITIES					
Deficit cash	\$ -	\$ 333	\$ -	\$ 15,311	\$ 15,644
Accrued liabilities	205,720	-	245,835	42,042	493,597
Due to other funds	2,483	-	333	2,307	5,123
Unearned revenue	194,965	-	-	-	194,965
Total Liabilities	403,168	333	246,168	59,660	709,329
FUND BALANCES					
Nonspendable	5,000	-	-	-	5,000
Restricted	233,272	-	1,528,682	780,146	2,542,100
Assigned	45,412	-	-	-	45,412
Unassigned	2,933,286	-	-	-	2,933,286
Total Fund Balances	3,216,970	-	1,528,682	780,146	5,525,798
Total Liabilities and Fund Balances	\$ 3,620,138	\$ 333	\$ 1,774,850	\$ 839,806	\$ 6,235,127

The accompanying notes are an integral part of these financial statements.

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

Total Fund Balance - Governmental Funds \$ 5,525,798

Amounts reported for assets and liabilities 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	\$ 22,734,911	
Accumulated depreciation	<u>(7,920,100)</u>	14,814,811

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 was:

(71,502)

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:

Total general obligation bonds	\$ 7,656,579	
Compensated absences	15,383	
Total OPEB liability	198,946	
Net pension liability	<u>5,543,339</u>	(13,414,247)

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 related to pensions	\$ 1,149,337	
Deferred inflows of resources related to pensions	<u>(357,144)</u>	792,193

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 16,221	
Deferred inflows of resources related to OPEB	<u>(73,641)</u>	(57,420)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

289,409

Total Net Position - Governmental Activities \$ 7,879,042

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCOFF sources	\$ 4,181,657	\$ -	\$ -	\$ 19,603	\$ 4,201,260
Federal sources	874,267	-	-	97,525	971,792
Other state sources	787,187	-	1,801,010	11,241	2,599,438
Other local sources	372,538	6,301	9,763	908,060	1,296,662
Total Revenues	6,215,649	6,301	1,810,773	1,036,429	9,069,152
EXPENDITURES					
Current					
Instruction	2,608,045	-	-	151,705	2,759,750
Instruction-related services					
Instructional supervision and administration	211,494	-	-	-	211,494
Instructional library, media, and technology	265,245	-	-	514	265,759
School site administration	434,213	-	-	-	434,213
Pupil services					
Home-to-school transportation	141,590	-	-	-	141,590
Food services	36,841	-	-	132,669	169,510
All other pupil services	414,044	-	-	-	414,044
General administration					
Centralized data processing	19,258	-	-	-	19,258
All other general administration	489,262	-	-	2,955	492,217
Plant services	564,339	-	-	116,788	681,127
Facilities acquisition and maintenance	63,136	1,067,635	282,091	61,866	1,474,728
Ancillary services	111,430	-	-	17,260	128,690
Community services	297	-	-	-	297
Debt service					
Principal	-	-	-	475,000	475,000
Interest and other	-	-	-	216,456	216,456
Total Expenditures	5,359,194	1,067,635	282,091	1,175,213	7,884,133
Excess (Deficiency) of Revenues					
Over Expenditures	856,455	(1,061,334)	1,528,682	(138,784)	1,185,019
Other Financing Sources (Uses)					
Transfers in	-	-	-	131,711	131,711
Transfers out	(131,711)	-	-	-	(131,711)
Net Financing Sources (Uses)	(131,711)	-	-	131,711	-
NET CHANGE IN FUND BALANCE	724,744	(1,061,334)	1,528,682	(7,073)	1,185,019
Fund Balance - Beginning, as Restated	2,492,226	1,061,334	-	787,219	4,340,779
Fund Balance - Ending	\$ 3,216,970	\$ -	\$ 1,528,682	\$ 780,146	\$ 5,525,798

The accompanying notes are an integral part of these financial statements.

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

Net Change in Fund Balances - Governmental Funds \$ 1,185,019

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:	\$ 1,656,728	
Depreciation expense:	<u>(348,542)</u>	1,308,186

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: 475,000

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 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: 300

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (140,970)

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 amount earned. The difference between compensated absences paid and compensated absences earned, was: 4,287

Postemployment benefits other than pensions (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: (9,993)

(continued on following page)

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

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (389,537)

Amortization of debt issuance premium or discount:

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 is amortized over the life of the debt. Amortization of premium or discount for the period is: 16,777

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 10,907

Change in Net Position of Governmental Activities		\$ 2,459,976
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LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 356,265
Due from other funds	80
Total current assets	<u>356,345</u>
Total Assets	<u>356,345</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	235
Due to other funds	<u>66,701</u>
Total current liabilities	<u>66,936</u>
Total Liabilities	<u>66,936</u>
NET POSITION	
Restricted	<u>289,409</u>
Total Net Position	<u>\$ 289,409</u>

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities
	Internal Service Fund
	Fund
OPERATING REVENUES	
Charges for services	\$ 39,521
Other local revenues	1,016
Total operating revenues	<u>40,537</u>
OPERATING EXPENSES	
Professional services	31,758
Total operating expenses	<u>31,758</u>
Operating income/(loss)	<u>8,779</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	2,128
Total non-operating revenues/(expenses)	<u>2,128</u>
CHANGE IN NET POSITION	10,907
Net Position - Beginning, as Restated	278,502
Net Position - Ending	<u>\$ 289,409</u>

The accompanying notes are an integral part of these financial statements.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities
	Internal Service Fund
	Fund
Cash flows from operating activities	
Cash received from user charges	\$ 40,537
Cash received (paid) from assessments made to (from) other funds	37,135
Cash payments for payroll, insurance, and operating costs	(31,523)
Net cash provided by (used for) operating activities	<u>46,149</u>
Cash flows from investing activities	
Interest received	2,128
Net cash provided by (used for) investing activities	<u>2,128</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>48,277</u>
 CASH AND CASH EQUIVALENTS	
Beginning of year	307,988
End of year	<u>\$ 356,265</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 8,779
Changes in assets and liabilities:	
(Increase) decrease in due from other funds	(80)
Increase (decrease) in accrued liabilities	235
Increase (decrease) in due to other funds	37,215
Net cash provided by (used for) operating activities	<u>\$ 46,149</u>

The accompanying notes are an integral part of these financial statements.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 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 service, and student-related activities.

B. 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 such component units.

C. 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 the general revenues of the District.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – 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 and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main 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. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Non-Major Governmental Funds

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 special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds: (continued)

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria 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 Sections 38091 and 38100*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

Capital Project Funds: Capital project 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).

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 Section 42840*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund 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.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

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

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

Unearned Revenue

Unearned revenue arises when 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 incurrence 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 balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$25,000 for equipment and vehicles and \$50,000 for buildings and improvements. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20-50 years
Equipment	25 years
Vehicles	10-20 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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 because 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.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

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

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement.

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 straight-line method.

Deferred Outflows/Deferred Inflows of Resources

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

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

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned (continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has implemented this Statement as of June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury*	\$ 5,385,372	\$ 356,265	\$ 5,741,637
Cash on hand and in banks	41,627	-	41,627
Cash in revolving fund	5,000	-	5,000
Total	\$ 5,431,999	\$ 356,265	\$ 5,788,264

*net of deficit cash

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Mendocino County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<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 (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$5,796,361 and an amortized book value of \$5,741,637. The average weighted maturity for this pool is 442 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were not rated.

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

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

The District's fair value measurements at June 30, 2021 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 5,796,361</u>
Total	<u>\$ 5,796,361</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	\$ 58,425	\$ 15,562	\$ 73,987
State Government			
Apportionment	427,079	-	427,079
Categorical aid	76,513	1,214	77,727
Lottery	49,181	-	49,181
Local Government			
Other local sources	87,766	-	87,766
Total	\$ 698,964	\$ 16,776	\$ 715,740

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 320,665	\$ 186,783	\$ -	\$ 507,448
Construction in progress	4,596,027	1,428,879	-	6,024,906
Total Capital Assets not Being Depreciated	4,916,692	1,615,662	-	6,532,354
Capital assets being depreciated				
Land improvements	366,955	41,066	-	408,021
Buildings & improvements	15,091,997	-	-	15,091,997
Furniture & equipment	702,539	-	-	702,539
Total Capital Assets Being Depreciated	16,161,491	41,066	-	16,202,557
Less Accumulated Depreciation				
Land improvements	24,204	20,401	-	44,605
Buildings & improvements	7,107,885	304,114	-	7,411,999
Furniture & equipment	439,469	24,027	-	463,496
Total Accumulated Depreciation	7,571,558	348,542	-	7,920,100
Governmental Activities				
Capital Assets, net	\$ 13,506,625	\$ 1,308,186	\$ -	\$ 14,814,811

Depreciation expense was allocated to the following governmental functions for the year ended June 30, 2021:

Instruction	\$ 324,515
Home-to-school transportation	21,071
Food services	2,956
Total	\$ 348,542

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

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>		
General Fund	\$ -	\$ -	\$ 2,403	\$ 80		2,483
County School Facilities Fund	-	333	-	-		333
Non-Major Governmental Funds	2,307	-	-	-		2,307
Internal Service Fund	66,701	-	-	-		66,701
Total	\$ 69,008	\$ 333	\$ 2,403	\$ 80		\$ 71,824

Due from the General Fund to the Child Development Fund for CESAP.	\$	2,377
Due from the General Fund to the Deferred Maintenance Fund for maintenance projects.		26
Due from the General Fund to the Internal Service Fund for contributions.		80
Due from the Child Development Fund to the General Fund for indirect costs.		2,307
Due from the Building Fund to the County Schools Facilities Fund to move expenditures.		333
Due from the Internal Service Fund to the General Fund for contributions.		66,701
Total	\$	71,824

B. Operating Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>	
	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ 131,711	\$ 131,711
Total	\$ 131,711	\$ 131,711

Transfer from the General Fund to the Cafeteria Fund for contribution to the fund.	\$	27,709
Transfer from the General Fund to the Deferred Maintenance Fund for maintenance projects.		104,002
Total	\$	131,711

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	<u>General Fund</u>	<u>County School Facilities Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
	Payroll	\$ 437	\$ -	\$ -	\$ -	\$ -
Vendors payable	205,098	245,835	42,007	235	-	493,175
Unmatured interest	-	-	-	-	71,502	71,502
Other liabilities	185	-	35	-	-	220
Total	\$ 205,720	\$ 245,835	\$ 42,042	\$ 235	\$ 71,502	\$ 565,334

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

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2021 consisted of the following:

	<u>General Fund</u>
Federal sources	\$ 24,619
State categorical sources	170,346
Total	<u>\$ 194,965</u>

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	<u>Balance July 01, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Balance Due In One Year</u>
Governmental Activities					
General obligation bonds	\$ 7,604,706	\$ 140,970	\$ 475,000	\$ 7,270,676	\$ 510,000
Unamortized premium	402,680	-	16,777	385,903	16,778
Total general obligation bonds	<u>8,007,386</u>	<u>140,970</u>	<u>491,777</u>	<u>7,656,579</u>	<u>526,778</u>
Compensated absences	19,670	-	4,287	15,383	-
Total OPEB liability	170,319	28,627	-	198,946	-
Net pension liability	5,359,467	183,872	-	5,543,339	-
Total	<u>\$ 13,556,842</u>	<u>\$ 353,469</u>	<u>\$ 496,064</u>	<u>\$ 13,414,247</u>	<u>\$ 526,778</u>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$15,383. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

The District's general obligation bonds at June 30, 2021 consisted of the following:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 01, 2020	Additions	Deductions	Outstanding June 30, 2021
2000A	8/31/2000	9/1/2025	4.0% - 4.8%	\$ 3,499,743	\$ 2,559,706	\$ 140,970	\$ 430,000	\$ 2,270,676
2014A	3/31/2015	9/1/2044	2.0% - 5.0%	5,500,000	5,045,000	-	45,000	5,000,000
					<u>\$ 7,604,706</u>	<u>\$ 140,970</u>	<u>\$ 475,000</u>	<u>\$ 7,270,676</u>

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

On August 31, 2000, the District issued \$3,499,743 in current interest and capital appreciation General Obligation Bonds (Election of 2000, series A). The bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County of Mendocino. Interest rates range from 4.0% to 4.8%. A portion of the bonds were advance refunded during the year ended June 30, 2015. The annual requirements to amortize the remaining Election of 2000 Series A bonds outstanding at June 30, 2021 were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 96,182	\$ 358,818	\$ 455,000
2023	96,214	388,786	485,000
2024	136,241	373,759	510,000
2025	135,248	404,752	540,000
2026	135,936	439,064	575,000
Accretion	1,670,855	(1,670,855)	-
Total	\$ 2,270,676	\$ 294,324	\$ 2,565,000

On March 31, 2015, the District issued \$5,500,000 in current interest General Obligation Bonds (Election of 2014, series A). Interest rates range from 2.0% to 5.0%. The annual requirements to amortize the Election of 2014 Series A bonds outstanding at June 30, 2021 were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 55,000	\$ 213,956	\$ 268,956
2023	60,000	212,806	272,806
2024	70,000	211,506	281,506
2025	80,000	210,006	290,006
2026	90,000	208,250	298,250
2027 - 2031	600,000	997,650	1,597,650
2032 - 2036	940,000	875,784	1,815,784
2037 - 2041	1,440,000	608,500	2,048,500
2042 - 2045	1,665,000	174,375	1,839,375
Total	\$ 5,000,000	\$ 3,712,833	\$ 8,712,833

C. Other Postemployment Benefits

The District's beginning total OPEB liability was \$170,319 and increased by \$28,627 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$198,946. See Note 10 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$5,359,467 and increased by \$183,872 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$5,543,339. See Note 11 for additional information regarding the net pension liability.

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

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 5,000	\$ -	\$ -	\$ 5,000
Total non-spendable	5,000	-	-	5,000
Restricted				
Educational programs	233,272	-	25,766	259,038
Food service	-	-	250	250
Associated student body	-	-	40,377	40,377
Capital projects	-	1,528,682	100,990	1,629,672
Debt service	-	-	612,763	612,763
Total restricted	233,272	1,528,682	780,146	2,542,100
Assigned				
Pupil transportation	45,412	-	-	45,412
Total assigned	45,412	-	-	45,412
Unassigned	2,933,286	-	-	2,933,286
Total Fund Balance	\$ 3,216,970	\$ 1,528,682	\$ 780,146	\$ 5,525,798

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 4 percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Laytonville Unified School District's defined benefit OPEB plan, Laytonville Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

Certificated employees may retire and receive District-paid contributions towards healthcare (medical, dental, and vision) upon attainment of age 55 and completion of 10 years of continuous District service.

The District pays benefits based on the number of years of service. Employees with single coverage and 10 or more years of service receive benefits up to 75% of single premiums for 3 years. Instead, they may choose benefits of 50% of premiums for 4 years, or 2 years at 75% paid and 3 years of 25% paid. Employees with single coverage and 15 or more years of service receive benefits up to 75% of single premiums for 4 years. Instead, they may choose benefits of 2 years at 75% paid and 3 years of 50% paid. Employees with single coverage and 20 years of service or more receive 75% paid benefits for 5 years.

Employees with family coverage and 10 or more years of service receive benefits up to 75% of family premiums for 2 years. Instead, they may choose benefits of 50% of premiums for 3 years, or 5 years at 25% paid. Employees with family coverage and 15 or more years of service receive benefits up to 75% of family premiums for 3 years. Instead, they may choose benefits of 1 year at 75% paid and 3 years of 50% paid, or 3 years at 50% paid and 2 years of 25% paid. Employees with family coverage and 20 years of service or more receive 75% paid benefits for 3 years and 50% for one year, or 50% paid for 5 years.

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Benefits Provided (continued)

In all cases, benefit cease when the retiree reaches age 65. Survivor benefits are not available, and the District does not prorate for part time employees.

C. Contributions

For the measurement period, the District had no contributions to the Plan, as the District contributes on a pay-as-you-go basis and currently has no retirees in the Plan.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	-
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>22</u>
Total number of participants**	<u>22</u>

*Information not provided

**As of the July 1, 2019 valuation date

E. Total OPEB Liability

The Laytonville Unified School District’s total OPEB liability of \$198,946 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 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:

Salary increases	3.00%
Discount rate	2.45%
Healthcare cost trend rates	5.90%

Non-economic assumptions:

Pre-retirement mortality rates were based on the CalSTRS Active Member Mortality experience study (2015 – 2018). Post-retirement mortality rates were based on the CalSTRS Retired Member Mortality experience study (2015 – 2018). Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

The discount rate was based on the Fidelity GO AA 20 Years Municipal Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service cost	\$ 11,938
Interest on total OPEB liability	5,705
Changes of assumptions	<u>10,984</u>
Net change in total OPEB liability	28,627
Total OPEB liability - beginning	<u>170,319</u>
Total OPEB liability - ending	<u>\$ 198,946</u>
Covered-employee payroll	\$ 3,059,557
District's total OPEB liability as a percentage of covered-employee payroll	6.50%

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

The following presents the total OPEB liability of the Laytonville Unified School District, 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 (1.45 percent) or one percentage point higher (3.45 percent) than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(1.45%)	(2.45%)	(3.45%)
Total OPEB liability	\$ 215,863	\$ 198,946	\$ 182,958

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

The following presents the total OPEB liability of the Laytonville Unified School District, 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 (4.90 percent) or one percentage point higher (6.90 percent) than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend Rate	1% Increase
	(4.90%)	(5.90%)	(6.90%)
Total OPEB liability	\$ 173,670	\$ 198,946	\$ 229,138

LAYTONVILLE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the measurement period, the Laytonville Unified School District recognized OPEB expense of \$9,993. At June 30, 2021, the Laytonville Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,431	\$ -
Changes in assumptions	9,790	73,641
Total	<u>\$ 16,221</u>	<u>\$ 73,641</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 2,040	\$ 9,690
2023	2,040	9,690
2024	2,040	9,690
2025	2,040	9,690
2026	2,040	9,690
Thereafter	6,021	25,191
Total	<u>\$ 16,221</u>	<u>\$ 73,641</u>

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

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement 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). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 3,131,327	\$ 744,230	\$ 333,912	\$ 357,056
PERS Pension	2,412,012	405,107	23,232	500,327
Total	\$ 5,543,339	\$ 1,149,337	\$ 357,144	\$ 857,383

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

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

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$276,481 for the year ended June 30, 2021.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$182,684 to CalSTRS.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 3,131,327
State's proportionate share of the net pension liability associated with the District	1,614,186
Total	<u>\$ 4,745,513</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District’s proportion was 0.003 percent, which did not change from its proportion measured as of June 30, 2019.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2021, the District recognized pension expense of \$357,056. In addition, the District recognized pension expense and revenue of \$50,470 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 74,382	\$ -
Differences between expected and actual experience	5,525	88,309
Changes in assumptions	305,348	-
Changes in proportion and differences between District contributions and proportionate share of contributions	82,494	245,603
District contributions subsequent to the measurement date	276,481	-
Total	<u>\$ 744,230</u>	<u>\$ 333,912</u>

The \$276,481 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 71,248	\$ 83,272
2023	142,012	77,066
2024	167,344	58,505
2025	66,498	41,586
2026	15,900	41,037
2027	4,747	32,446
Total	<u>\$ 467,749</u>	<u>\$ 333,912</u>

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

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018..

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

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

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 4,730,999	\$ 3,131,327	\$ 1,810,573

Pension Plan Fiduciary Net Position

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

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$191,365 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$2,412,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.008 percent, which did not change from its proportion measured as of June 30, 2019.

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2021, the District recognized pension expense of \$500,327. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 50,210	\$ -
Differences between expected and actual experience	119,628	-
Changes in assumptions	8,845	-
Changes in proportion and differences between District contributions and proportionate share of contributions	35,059	23,232
District contributions subsequent to the measurement date	191,365	-
Total	<u>\$ 405,107</u>	<u>\$ 23,232</u>

The \$191,365 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 74,053	\$ 23,232
2023	64,344	-
2024	51,369	-
2025	23,976	-
Total	<u>\$ 213,742</u>	<u>\$ 23,232</u>

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 3,467,708	\$ 2,412,012	\$ 1,535,838

Pension Plan Fiduciary Net Position

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

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

B. 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 at June 30, 2021.

C. Construction Commitments

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of \$1,689,092.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2021, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settlement claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

The Northern California Schools Insurance Group (NCSIG) arranges for and provides property and liability insurance for its member Districts. The District pays a premium commensurate with the level of coverage requested. This is a partial self-insurance program. The JPA is governed by and Executive Committee consisting of a representative from each member District and County. The Governing Board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the Governing Board. The JPA is independently accountable for its fiscal matters. The Insurance Group maintains its own accounting records. The budget is not subject to any approval other than that of the Executive Committee.

The District also participates in Schools Insurance Group Northern Alliance (SIGNAL) which is a Joint Powers Authority organized in accordance with Title 1, Division 7, Chapter 5, Article 1 of the *California Government Code*. The purpose of the organization is to jointly provide for a self insurance plan and system for workers' compensation claims against the member public educational agencies. The Alliance is under the control and direction of a Board of Directors consisting of the representatives of the twenty member Districts. Member contributions are based on rates established by the Joint Powers Authority's Board of Directors. The Board sets member contribution rates based on actual historical loss experience statistics. Experience modification factors are computed for each member based on the Worker's Compensation Insurance Rating Bureau of California guidelines.

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

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES (continued)

The District also participates in the Schools Excess Liability Fund (SELF), a State Joint Powers Agency established as a cooperative program of self-funding and risk management for excess liability for California public educational agencies. Districts commit to a three-year participation in SELF, but those withdrawing after three years may be entitled to a partial refund five years after withdrawal, under certain conditions. Member Districts may be required to make additional contributions in the event excess liability claims against SELF exceed available resources.

The relationship between the District and the JPAs is such the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member district pays premiums commensurate with the level of coverage or service requested, and share surpluses and deficits proportionate to its participation in the JPA. Current financial information pertaining to the JPAs listed above is not available.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to pensions was \$1,149,337 and total deferred inflows related to pensions was \$357,144.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$16,221 and total deferred inflows related to other postemployment benefits was \$73,641.

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The amounts previously reported at June 30, 2020 as the ending net position for Governmental Activities, the Private-Purpose Trust Fund, and the Internal Service Fund and the ending fund balance for the Student Activity Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts, it has been determined that the District’s ASB accounts are not fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement. The District’s Private-Purpose Trust Fund is also no longer a fiduciary activity under the new standard. The June 30, 2020 ending balances have been restated as follows:

	Governmental Activities	Private-Purpose Trust Fund	Internal Service Fund
Net Position - Beginning, as Previously Reported	\$ 5,328,328	\$ 44,513	\$ 233,989
Restatement	90,738	(44,513)	44,513
Net Position - Beginning, as Restated	<u>\$ 5,419,066</u>	<u>\$ -</u>	<u>\$ 278,502</u>
		Student Activity Fund	
Fund Balance - Beginning, as Previously Reported		\$ -	
Restatement		46,225	
Fund Balance - Beginning, as Restated		<u>\$ 46,225</u>	

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 3,907,217	\$ 4,181,660	\$ 4,181,657	\$ (3)
Federal sources	492,211	895,124	902,725	7,601
Other state sources	347,033	675,556	787,187	111,631
Other local sources	382,534	399,142	344,080	(55,062)
Total Revenues	5,128,995	6,151,482	6,215,649	64,167
EXPENDITURES				
Certificated salaries	1,980,934	1,938,564	1,886,837	51,727
Classified salaries	1,031,624	987,893	942,240	45,653
Employee benefits	1,506,885	1,425,662	1,359,676	65,986
Books and supplies	597,753	706,296	500,696	205,600
Services and other operating expenditures	722,282	747,482	609,564	137,918
Capital outlay	16,000	128,387	63,136	65,251
Other outgo				
Transfers of indirect costs	(4,500)	(4,500)	(2,955)	(1,545)
Total Expenditures	5,850,978	5,929,784	5,359,194	570,590
Excess (Deficiency) of Revenues Over Expenditures	(721,983)	221,698	856,455	634,757
Other Financing Sources (Uses)				
Transfers out	(9,496)	(78,218)	(177,123)	(98,905)
Net Financing Sources (Uses)	(9,496)	(78,218)	(177,123)	(98,905)
NET CHANGE IN FUND BALANCE	(731,479)	143,480	679,332	535,852
Fund Balance - Beginning	2,378,437	2,492,226	2,492,226	-
Fund Balance - Ending	\$ 1,646,958	\$ 2,635,706	\$ 3,171,558	\$ 535,852

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- The amounts on that schedule include the financial activity of the Pupil Transportation Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Revenues for Medi-Cal Billing Option and Medi-Cal Administrative Activities are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 11,938	\$ 14,559	\$ 17,624	\$ 17,112
Interest on total OPEB liability	5,705	8,916	6,840	6,415
Difference between expected and actual experience	-	8,123	(7,174)	-
Changes of assumptions	10,984	(93,021)	-	-
Benefits payments	-	-	(8,092)	(11,818)
Net change in total OPEB liability	28,627	(61,423)	9,198	11,709
Total OPEB liability - beginning	170,319	231,742	222,544	210,835
Total OPEB liability - ending	<u>\$ 198,946</u>	<u>\$ 170,319</u>	<u>\$ 231,742</u>	<u>\$ 222,544</u>
Covered-employee payroll	\$ 3,059,557	\$ 1,360,443	\$ 2,004,844	\$ 2,084,671
District's total OPEB liability as a percentage of covered-employee payroll	6.50%	12.52%	11.56%	10.68%

See accompanying note to required supplementary information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.003%	0.003%	0.003%	0.003%	0.003%	0.004%	0.004%
District's proportionate share of the net pension liability	\$ 3,131,327	\$ 3,121,456	\$ 3,090,774	\$ 3,055,717	\$ 2,800,547	\$ 2,415,261	\$ 2,110,004
State's proportionate share of the net pension liability associated with the District	1,614,186	1,702,976	1,769,622	1,807,751	1,594,536	1,277,403	1,274,111
Total	<u>\$ 4,745,513</u>	<u>\$ 4,824,432</u>	<u>\$ 4,860,396</u>	<u>\$ 4,863,468</u>	<u>\$ 4,395,083</u>	<u>\$ 3,692,664</u>	<u>\$ 3,384,115</u>
District's covered payroll	\$ 1,774,803	\$ 1,882,554	\$ 1,809,055	\$ 1,771,033	\$ 1,738,550	\$ 1,791,631	\$ 1,608,230
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.4%	165.8%	170.9%	172.5%	161.1%	134.8%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.008%	0.008%	0.007%	0.008%	0.008%	0.008%	0.008%
District's proportionate share of the net pension liability	\$ 2,412,012	\$ 2,238,011	\$ 1,971,325	\$ 1,892,712	\$ 1,521,655	\$ 1,188,438	\$ 919,905
District's covered payroll	\$ 1,132,351	\$ 1,063,715	\$ 975,191	\$ 1,011,027	\$ 881,623	\$ 978,405	\$ 850,629
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.0%	210.4%	202.1%	187.2%	172.6%	121.5%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 276,481	\$ 298,414	\$ 303,851	\$ 258,073	\$ 221,691	\$ 185,728	\$ 146,527
Contributions in relation to the contractually required contribution*	(276,481)	(298,414)	(303,851)	(258,073)	(221,691)	(185,728)	(146,527)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,743,322	\$ 1,774,803	\$ 1,882,554	\$ 1,809,055	\$ 1,771,033	\$ 1,738,550	\$ 1,791,631
Contributions as a percentage of covered payroll	15.86%	16.81%	16.14%	14.27%	12.52%	10.68%	8.18%

*Amounts do not include on-behalf contributions

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 191,365	\$ 223,312	\$ 197,259	\$ 151,384	\$ 140,685	\$ 108,750	\$ 104,941
Contributions in relation to the contractually required contribution*	(191,365)	(223,312)	(197,259)	(151,384)	(140,685)	(108,750)	(104,941)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 921,225	\$ 1,132,351	\$ 1,063,715	\$ 975,191	\$ 1,011,027	\$ 881,623	\$ 978,405
Contributions as a percentage of covered payroll	20.77%	19.72%	18.54%	15.52%	13.92%	12.34%	10.73%

*Amounts do not include on-behalf contributions

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms.

Changes in Assumptions

The discount rate was changed from 3.13% to 2.45% since the previous measurement. The initial trend rate was changed from 6.00% to 5.90% since the previous measurement.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 198,823
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	14,782
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	13,933
Title VI, Part B, Rural & Low Income School Program	84.358A	*	21,035
Indian Education	84.060	10011	25,055
Title VIII, Impact Aid	84.041	10015	53,191
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	68,595
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	2,725
Subtotal Special Education Cluster			<u>71,320</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	22,075
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	114,357
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	45,017
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	3,590
Subtotal Education Stabilization Fund Discretionary Grants			<u>185,039</u>
Total U. S. Department of Education			<u>583,178</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	29,138
National School Lunch Program	10.555	13391	47,681
USDA Commodities	10.555	*	17,116
Subtotal Child Nutrition Cluster			<u>93,935</u>
Total U. S. Department of Agriculture			<u>93,935</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	294,679
Total U. S. Department of the Treasury			<u>294,679</u>
Total Federal Expenditures			<u>\$ 971,792</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	2020-21 Number of Days	Status
Kindergarten	177	Not in Compliance
Grade 1	177	Not in Compliance
Grade 2	177	Not in Compliance
Grade 3	177	Not in Compliance
Grade 4	177	Not in Compliance
Grade 5	177	Not in Compliance
Grade 6	177	Not in Compliance
Grade 7	177	Not in Compliance
Grade 8	177	Not in Compliance
Grade 9	177	Not in Compliance
Grade 10	177	Not in Compliance
Grade 11	177	Not in Compliance
Grade 12	177	Not in Compliance

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

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 6,224,969	\$ 6,215,649	\$ 5,710,431	\$ 5,729,408
Expenditures And Other Financing Uses	6,338,581	5,536,317	5,456,853	5,838,565
Net change in Fund Balance	\$ (113,612)	\$ 679,332	\$ 253,578	\$ (109,157)
Ending Fund Balance	\$ 3,057,946	\$ 3,171,558	\$ 2,492,226	\$ 2,238,648
Available Reserves*	\$ 2,822,747	\$ 2,933,286	\$ 2,403,493	\$ 256,480
Available Reserves As A Percentage Of Outgo	44.53%	52.98%	44.05%	4.39%
Long-term Liabilities	\$ 12,887,469	\$ 13,414,247	\$ 13,556,842	\$ 13,622,692
Average Daily Attendance At P-2***	331	337	337	334

The General Fund ending fund balance has increased by \$932,910 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$113,612. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have decreased by \$208,445 over the past two years.

Average daily attendance has increased by 3 ADA over the past two years. A decrease of 6 ADA is anticipated during the 2021-22 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Pupil Transportation Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

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

	General Fund	Pupil Transportation Fund
June 30, 2021, annual financial and budget report fund balance	\$ 3,171,558	\$ 45,412
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	45,412	(45,412)
Net adjustments and reclassifications	45,412	(45,412)
June 30, 2021, audited financial statement fund balance	<u>\$ 3,216,970</u>	<u>\$ -</u>

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS							
Cash and investments	\$ 40,377	\$ 36,973	\$ 250	\$ 29,274	\$ 100,990	\$ 612,763	\$ 820,627
Accounts receivable	-	-	16,776	-	-	-	16,776
Due from other funds	-	2,377	-	26	-	-	2,403
Total Assets	\$ 40,377	\$ 39,350	\$ 17,026	\$ 29,300	\$ 100,990	\$ 612,763	\$ 839,806
LIABILITIES							
Deficit cash	\$ -	\$ -	\$ 15,311	\$ -	\$ -	\$ -	\$ 15,311
Accrued liabilities	-	11,277	1,465	29,300	-	-	42,042
Due to other funds	-	2,307	-	-	-	-	2,307
Total Liabilities	-	13,584	16,776	29,300	-	-	59,660
FUND BALANCES							
Restricted	40,377	25,766	250	-	100,990	612,763	780,146
Total Fund Balances	40,377	25,766	250	-	100,990	612,763	780,146
Total Liabilities and Fund Balance	\$ 40,377	\$ 39,350	\$ 17,026	\$ 29,300	\$ 100,990	\$ 612,763	\$ 839,806

See accompanying note to supplementary information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES							
LCFF sources	\$ -	\$ -	\$ -	\$ 19,603	\$ -	\$ -	\$ 19,603
Federal sources	-	-	97,525	-	-	-	97,525
Other state sources	-	-	7,435	-	-	3,806	11,241
Other local sources	11,412	154,495	-	(100)	13,855	728,398	908,060
Total Revenues	11,412	154,495	104,960	19,503	13,855	732,204	1,036,429
EXPENDITURES							
Current							
Instruction	-	151,705	-	-	-	-	151,705
Instruction-related services							
Instructional library, media, and technology	-	514	-	-	-	-	514
Pupil services							
Food services	-	-	132,669	-	-	-	132,669
General administration							
All other general administration	-	2,955	-	-	-	-	2,955
Plant services	-	7,900	-	102,770	6,118	-	116,788
Facilities acquisition and maintenance	-	-	-	20,800	41,066	-	61,866
Ancillary services	17,260	-	-	-	-	-	17,260
Debt service							
Principal	-	-	-	-	-	475,000	475,000
Interest and other	-	-	-	-	-	216,456	216,456
Total Expenditures	17,260	163,074	132,669	123,570	47,184	691,456	1,175,213
Excess (Deficiency) of Revenues Over Expenditures	(5,848)	(8,579)	(27,709)	(104,067)	(33,329)	40,748	(138,784)
Other Financing Sources (Uses)							
Transfers in	-	-	27,709	104,002	-	-	131,711
Net Financing Sources (Uses)	-	-	27,709	104,002	-	-	131,711
NET CHANGE IN FUND BALANCE	(5,848)	(8,579)	-	(65)	(33,329)	40,748	(7,073)
Fund Balance - Beginning, as Restated	46,225	34,345	250	65	134,319	572,015	787,219
Fund Balance - Ending	\$ 40,377	\$ 25,766	\$ 250	\$ -	\$ 100,990	\$ 612,763	\$ 780,146

See accompanying note to supplementary information.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2021**

Laytonville Unified School District was established in 1981 and is located in a small town in the heart of Redwood Country approximately 175 miles north of San Francisco. The District includes six schools and serves students in grades K-12. The schools include a K-8 School, a comprehensive high school, a community day school, a continuation high school and two one-room schoolhouses; one in the town of Branscomb and the other in Spy Rock. In addition to the K-12 programs, there is a state preschool program located on the elementary school campus.

GOVERNING BOARD

Member	Office	Term Expires
Calvin Harwood	President	November 2022
Meagen Hedley	Clerk	November 2024
Erin Gamble	Trustee	November 2024
Mat Paradis	Trustee	November 2024
Elina Agnoli	Trustee	November 2022

DISTRICT ADMINISTRATORS

Ms. Joan Potter
Superintendent

Ms. Shannon Ford
Business Manager

LAYTONVILLE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**

Independent Auditors' Report

Governing Board
Laytonville Unified School District
Laytonville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laytonville Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Laytonville Unified School District's basic financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Laytonville Unified School 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.

Christy White, Inc.

San Diego, California
January 28, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Laytonville Unified School District
Laytonville, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Laytonville Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Laytonville Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Laytonville Unified School District's internal control over compliance.

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

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

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

Christy White, Inc.

San Diego, California
January 28, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Laytonville Unified School District
Laytonville, California

Report on State Compliance

We have audited Laytonville Unified School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Laytonville Unified School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Laytonville Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Laytonville Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Laytonville Unified School District's compliance with those requirements.

Basis for Qualified Opinion on State Compliance

As described in Finding #2021-001 in the accompanying Schedule of Audit Findings and Questioned Costs, the District did not comply with requirements regarding Instructional Time. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the state laws and regulations applicable to the state laws and regulations referred to above.

Qualified Opinion on State Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Laytonville Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

Laytonville Unified School District’s Response to Findings

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

Procedures Performed

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

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
Local Education Agencies Other Than Charter Schools	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
January 28, 2022

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425C, 84.425D</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>

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

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Qualified</u>

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2021.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2021-001: INSTRUCTIONAL TIME (40000)

Criteria: Pursuant to Education Code Section 43502(c), For the 2020-21 fiscal year, a local educational agency shall satisfy the annual instructional day requirements described in Sections 41420, 46200.5, and 46208, and in Section 11960 of Title 5 of the California Code of Regulations through in-person instruction or a combination of in-person instruction and distance learning pursuant to this part. This includes offering a minimum of 180 days of instruction to meet the annual instructional day requirement.

Condition: The District closed for 3 days during the 2020-21 school year and was thus short of the 180 days of instruction. The Mendocino County Office of Education has submitted a Form J-13A for the District to the California Department of Education for the days closed, but the District has not yet received approval for those days.

Cause: The Mendocino County Office of Education did not submit the Form J-13A to the California Department of Education on a timely basis.

Effect: The District is not currently in compliance with the related sections of California Education Code and could lose funding if the Form J-13A is not approved.

Questioned Cost: \$58,336, as calculated below.

Affected grade level(s)	K-3	4-6	7-8	9-12
Affected grade level ADA	97.41	78.64	46.11	115.21
Derived Value of ADA by Grade Span	\$10,121.63	\$9,306.23	\$9,582.40	\$11,394.13
Number of required days	180	180	180	180
Number of days short	3	3	3	3
Instructional Day Penalty by Grade Span	\$ 16,564	\$ 12,295	\$ 7,423	\$ 22,054
Total Instructional Day Penalty				\$ 58,336

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2021-001: INSTRUCTIONAL TIME (40000) (continued)

Repeat Finding: This is not a repeat finding.

Recommendation: If the Form J-13A is approved, then no further action is necessary. If the Form J-13A is not approved, then the District will either need to repay the penalty or apply for SBE, summary review, or formal appeal.

Corrective Action Plan: The J13-A waiver has been submitted for approval. If it's not approved, the District will consider the options of repaying the penalty or applying for SBE, summary review, or formal appeal.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001: INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119, the District must provide a 10-day notice of the required public hearing.

Condition: The District's public hearing for instructional materials occurred on September 12, 2019, but the posted date was September 4, 2019, which is less than 10 days before the hearing.

Cause: Oversight.

Effect: The District is not in compliance with California Education Code Section 60119.

Questioned Costs: Funding for this program has ended, thus there are no questioned costs related to instructional materials.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District comply with Education Code Section 60119 in the future and ensure that a 10-day notice of the required public hearing is provided.

Corrective Action Plan: This was an oversight. The meeting date was rescheduled and the posting dates got confused. Reminders will be set on the computer to ensure proper 10 day posting notice.

Current Status: Implemented.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-002: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2019-20 fiscal year, the District did not meet the minimum percentage requirement of 55%. The District only spent 50.36% on classroom teacher salaries in the 2019-20 fiscal year.

Effect: The District's current expense of education for the year ended June 30, 2020 was \$4,907,096 and the total salaries and benefits for classroom teachers was \$2,470,996. The District was below the minimum required percentage of 55% by 4.64% which calculates out to a deficiency of \$227,689.

Cause: Due to staffing changes, the District had a difficult time meeting the required percentage in 2019-20.

Questioned Costs: The questioned costs are the deficiency of \$227,689.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement.

Corrective Action Plan: The District applied for and obtained an approved waiver for 2019-20 from the Mendocino County Office of Education. The District was able to fill a vacant teaching position which resulted in smaller class sizes, so for the 20/21 school year will be exempt. The plan is to continue with small class sizes and continue to be exempt. The District continues to monitor teacher salaries and have brought the percentage up and hope to continue this trend regardless of the exemption or waiver.

Current Status: Implemented.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-003: TRANSPORTATION MAINTENANCE OF EFFORT (40000)

Criteria: Per Education Code 2575(k) and 42238.03(a)(6)(b), funds a school district receives for home-to school transportation programs shall expend no less for those programs than the amount of funds the school district expended for home-to-school transportation in the 2012-13 fiscal year.

Condition: During review of 2012-13 transportation funding and current year transportation expenditures, the auditor noted that the District did not expend at least the 2012-13 transportation revenues received for that purpose in 2012-13.

Effect: Based on criteria outlined above, District does not meet requirements outlined in Education Code regarding Transportation Maintenance of Effort.

Cause: The District is aware of the transportation maintenance of effort requirement but was facing declining transportation costs due to the COVID-19 shutdown.

Questioned Costs: Deficit of \$5,312 to be in compliance.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement procedures to verify that the District meet Maintenance of Effort requirements as set forth by Education Code.

Corrective Action Plan: Due to Covid-19 causing home to school transportation to stop, after 3/13/20 expenses were down considerably. Every attempt was made to meet the Maintenance of Effort for fiscal year 19/20. Money was encumbered for an expense that did not happen and was not corrected. The District will be monitoring this much closer in the future and when in-class learning resumes should have no problem meeting the MOE.

Current Status: Implemented.

**LAYTONVILLE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-004: AFTER SCHOOL EDUCATION & SAFETY (ASES) PROGRAM (40000)

Criteria: Education Code Section 8482.3 states that after school programs participating in the ASES program are required to submit student outcome data to the California Department of Education which includes measurable student outcomes including attendance. As a result, ASES 2019-20 1st Half After School Base Attendance Report (covering the period of August to December 2019) was reviewed along with supporting in order to determine whether the reported number of students served is supported by written records maintained.

Condition: Attendance reported for Laytonville Elementary School did not reconcile to supporting attendance counts. The attendance reported for Laytonville Elementary School on the 1st Half Base Grant Attendance Report submitted to CDE was 4,818 while the supporting attendance count summary showed 4,635 attendance days. In addition, based on further testing, the number of students served for the month of December was reported as 768 per the summary while the sign-in sheets of students served showed 773.

Cause: Reporting errors.

Effect: Errors were made calculating number of students served. For the attendance report submitted to the CDE for the 1st Half: After School Base, the District reported a total number of 4,818 students. As a result of our audit procedures, the adjusted amount for the 1st Half: After School Base should be decreased to a total of 4,640 students served.

Context: An overstatement of 178 students served for the ASES 2019-20 1st Half Base period was noted.

Questioned Costs: None. The ASES program funding is not affected as long as the pupil participation level is maintained at 85% of the projected attendance or greater. Since the finding noted a net over reporting of 178 student days of attendance, program attendance did not fall below 85% of the projected attendance; therefore, there is no questioned cost.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District implement a process to accurately calculate the attendance of the After-School Education & Safety (ASES) Program for reporting purposed to the California Department of Education.

Corrective Action Plan: The ASES Director will complete the monthly attendance pages in the county provided Excel format. The Assistant Director will then compare the Excel spreadsheet to the hand-written daily sign in logs in order to verify each student's attendance.

Current Status: Implemented.