



# Alpine Union School District

County of San Diego  
Alpine, California

Audit Report

June 30, 2021



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Alpine Union School District

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June 30, 2021

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## Independent Auditor's Report

To the Board of Education  
Alpine Union School District  
Alpine, California

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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 an opinion 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 opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alpine Union 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying combining statements as supplementary information and additional supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 is presented for purposes of additional analysis and is not a required part of the financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of Alpine Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wilkinson Hadley King & Co LLP*

El Cajon, California  
January 31, 2022

**ALPINE UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**

This section of Alpine Union Elementary School District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the District's financial performance.

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

**I. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-wide financial statements**

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

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

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

**Fund financial statements**

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

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

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

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

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

## II. GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As noted earlier, net position serves as a useful indicator over time of a government's financial position. In the case of the District, the decrease in long term liabilities were contributable to two main factors, a \$1.5 million pay-down of outstanding GO bond debt and a decrease in STRS and PERS pension liabilities. The remaining change in this area consists of the continued pay-down of COP debt and the past payment of a retirement incentive. Current assets increased because of a \$2.5 million accounts receivable for the deferred principal apportionment and \$0.5 million accounts receivable for COVID funds. The decrease in capital assets was due to annual depreciation. Cash on hand saw a 43% increase of \$1.1 million.

### 2019-20 NET POSITION

(In Millions of Dollars)

	Governmental		2020-21		% Change
	Activities		Over/(Under)		
	2020-21	2019-20	2019-20		
<b>Assets</b>					
Current and Other Assets	\$ 10.50	\$ 7.71	\$ 2.79		36.2%
Capital Assets	13.82	14.54	(0.72)		-5.0%
<b>Total Assets</b>	<b>\$ 24.32</b>	<b>\$ 22.25</b>	<b>\$ 2.07</b>		<b>9.3%</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 3.05</b>	<b>\$ 3.42</b>	<b>\$ (0.37)</b>		<b>-10.8%</b>
<b>Liabilities</b>					
Current Liabilities	\$ 1.84	\$ 1.25	\$ 0.59		47.2%
Long Term Liabilities	30.77	33.09	(2.32)		-7.0%
<b>Total Liabilities</b>	<b>\$ 32.61</b>	<b>\$ 34.34</b>	<b>\$ (1.73)</b>		<b>-5.0%</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 3.41</b>	<b>\$ 3.73</b>	<b>\$ (0.32)</b>		<b>-8.6%</b>
<b>Net Position</b>					
Net Investment in Capital Assets	\$ 1.16	\$ 0.12	\$ 1.04		866.7%
Restricted	4.10	3.16	0.94		29.7%
Unrestricted	(13.91)	(15.68)	1.77		-11.3%
<b>Total Net Position</b>	<b>\$ (8.65)</b>	<b>\$ (12.40)</b>	<b>\$ 3.75</b>		<b>-30.2%</b>

**Governmental activities**

The key elements of the District's net position for the year ended June 30, 2021 are as follows:

**2019-20 Activities**

(In Millions of Dollars)

**Governmental**

Revenues	Activities		2020-21 Over/(Under)	
	2020-21	2019-20	2019-20	% Change
General Revenues	\$ 17.69	\$ 17.34	\$ 0.35	2.0%
Program Revenues	5.82	2.46	3.36	136.6%
<b>Total Revenues</b>	<b>\$ 23.51</b>	<b>\$ 19.80</b>	<b>\$ 3.71</b>	<b>18.7%</b>
<b>Expenses</b>				
Instructional & Pupil Services	\$ 14.69	\$ 13.65	\$ 1.04	7.6%
Operations & Administration	5.01	4.05	0.96	23.7%
<b>Total Expenses</b>	<b>\$ 19.70</b>	<b>\$ 17.70</b>	<b>\$ 2.00</b>	<b>11.3%</b>
Change in Net Position	\$ 3.81	\$ 2.10	\$ 1.71	81.4%
Net Position Beginning	(12.46)	(14.50)	2.04	-14.1%
<b>Net Position Ending</b>	<b>\$ (8.65)</b>	<b>\$ (12.40)</b>	<b>\$ 3.75</b>	<b>-30.2%</b>

Like most school districts in the State of California, the District received sizable amount of COVID and ESSER funds, which totaled \$4.6 million. As such, this increase shows up in the revenue and expenses numbers above.

**Capital Assets and Depreciation**

The District's capital assets and depreciation changes for the fiscal years ending June 30, 2021 and June 30, 2020 are as follows. As depicted below, there are very minimal changes outside of the normal depreciation.

	June 30, 2020	June 30, 2021	Total Change
Land	\$ 2,137,026.10	\$ 2,137,026	\$ -
Improvement of Sites	\$ 8,284,984.63	8,302,674	17,689
Buildings	\$ 24,453,641.25	24,453,641	-
Equipment	\$ 1,282,227.87	1,363,375	81,148
Work in Progress	\$ 123,444.09	95,602	(27,842)
Accumulated Depreciation	\$ (21,720,593.73)	(22,534,582)	(813,988)
<b>Total Capital Assets, Net</b>	<b>\$ 14,560,730.21</b>	<b>\$ 13,817,737</b>	<b>\$ (742,993)</b>

**Long-Term Liabilities**

The District's long-term liabilities changes for the fiscal years ending June 30, 2021 and June 30, 2020 are as follows, for the explanation of changes see the section title Net Position above.

	June 30, 2020	June 30, 2021	Total Change
General Obligation Bonds	\$ 12,006,689	\$ 10,540,258	\$ (1,466,431)
Certificates of Participation	2,263,046	1,961,897	(301,149)
Capital Leases	158,871	160,086	1,215
Retirement Incentive	110,575	0	(110,575)
Net Pension	15,474,300	14,968,564	(505,736)
Net OPEB Obligation	2,937,074	2,999,310	62,236
Compensated Absences	139,322	139,024	(298)
<b>Total Long Term Liabilities</b>	<b>\$ 33,089,877</b>	<b>\$ 30,769,139</b>	<b>\$ (2,320,738)</b>



## FACTORS IMPACTING THE DISTRICT'S FINANCIAL FUTURE

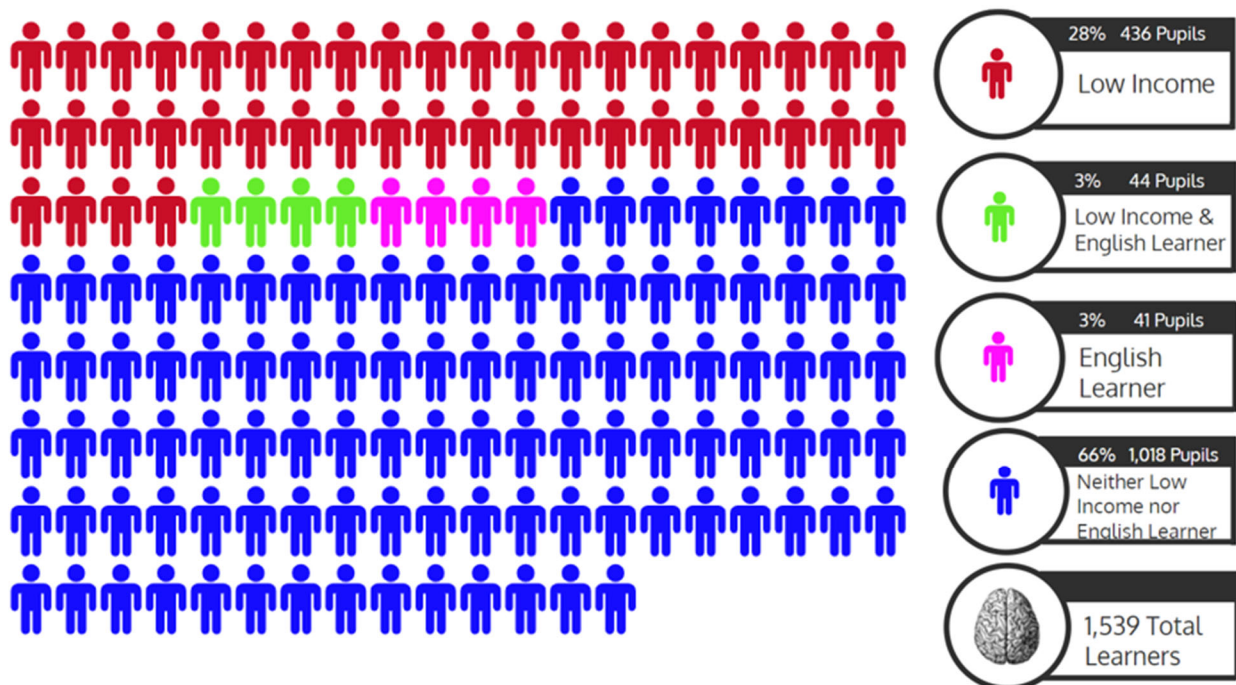
Due to the facts that the State's 2021/22 education budget includes a relatively large cost-of-living-adjustment (COLA) of 5.07% and the District is allowed to use the prior year's ADA, the District will receive a increase in revenue despite an massive decrease in ADA. After the hold-harmless influence of the pre-pandemic years, the 2022/23 fiscal year and beyond is projected to be a time of greatly reduced revenue due to the lack of attendance and independent study participation. Even though the State loosen the rules around gaining ADA through independent study during students' quarantine time, the reality is that significant percentage of the students do not complete the independent study packets. Absence any change to the ADA basis of the LCFF revenue formula, this Districts, like many in the State, will experience a significant drop in revenue.

The District's biggest cost drivers are staff salaries, pension benefits, health care benefits, and facility projects that fall under the requirements of Public Contract Code, also known as "public works projects". The District's increase in salaries due to step and column growth is averaging 1.38% annually. The District's STRS cost will jump in 2022/23 when the State's budget action to fund a portion of the annual STRS payment on behalf of the Districts is schedule to end. Health care cost have increased a relatively modest 4.5% annual.

The District will benefit from the State's effort to "equalize" special education revenues across the State. Under this plan, the special education AB602 revenue formula brought all SELPAs up to a minimum funding of \$625 per student.

### Student Demographics

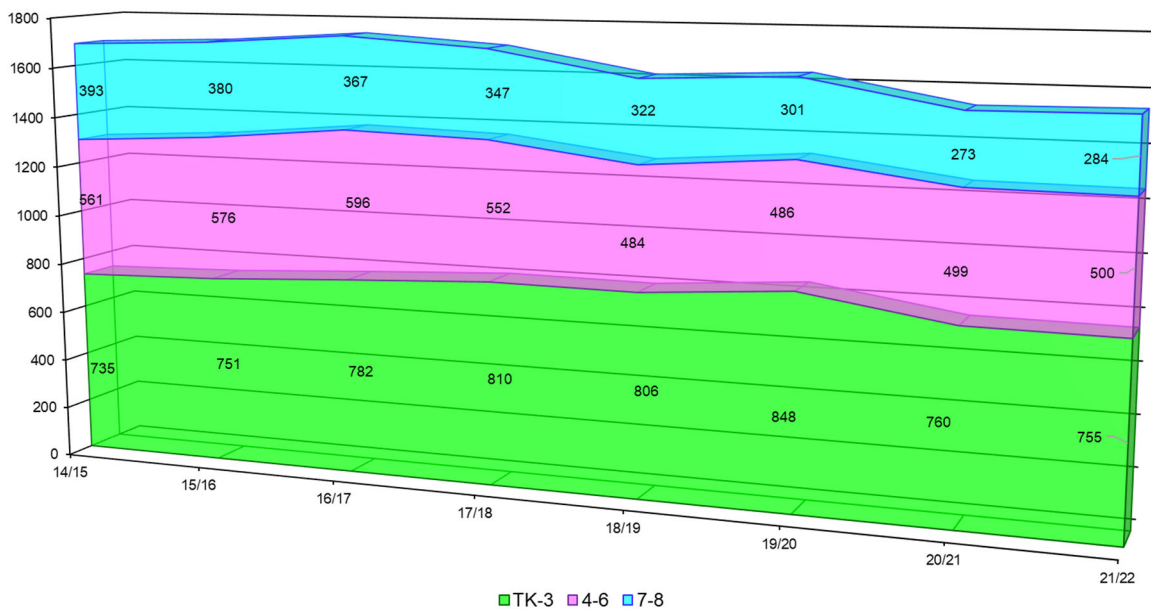
The LCFF funding formula is heavily influence by the demographics of a district's student population. The unduplicated count of students who qualify for the free or reduced lunch program or are classified as English learners will generate Supplement Grant funding and possibly Concentration Grant funds. The District 2021/22 population includes 33.9% of these qualifying students, who in turn generate the Supplemental Grant of slightly more than \$923,000 but no Concentration Grant. The chart below depicts the 2021/22 composition of the District's learners:



### Enrollment - Current

As depicted in the table and chart below, the District's growth in the higher funded grade span of TK to 3<sup>rd</sup> has resulted in an increase in the average revenue per ADA. Unfortunately, the students do not stay within the District as they progress through the grades, as values in the far right column shows. As for 2021/22, the District has experienced an increase of 7 or 0.5% in enrollment.

Grade	14/15	15/16	Change	16/17	Change	17/18	Change	18/19	Change	19/20	Change	20/21	Change	21/22	Change	7 Year Change
TK & K	194	227	33	260	33	255	-5	242	-13	264	22	185	-79	224	39	30
1	172	172	0	169	-3	186	17	199	13	188	-11	206	18	162	-44	-10
2	178	169	-9	178	9	189	11	197	8	200	3	175	-25	201	26	23
3	191	183	-8	175	-8	180	5	168	-12	196	28	194	-2	168	-26	-23
4	207	198	-9	185	-13	172	-13	180	8	171	-9	192	21	184	-8	-23
5	163	207	44	203	-4	191	-12	167	-24	178	11	158	-20	178	20	15
6	191	171	-20	208	37	189	-19	137	-52	137	0	149	12	138	-11	-53
7	183	195	12	162	-33	185	23	161	-24	140	-21	136	-4	142	6	-41
8	210	185	-25	205	20	162	-43	161	-1	161	0	137	-24	142	5	-68
Totals	1689	1707	18	1745	38	1709	-36	1612	-97	1635	23	1532	-103	1539	7	-150
		% Change	1.1%		2.2%		-2.1%		-5.7%		1.4%		-6.3%		0.5%	-8.9%



### Enrollment - Future

Another factor that will affect the District's enrollment is new residential housing development. The District has an average of 16 new residential single-family homes built each year with an average square footage of 2,304.

The District's enrollment boundaries currently have two multifamily approved projects for a total of 103 dwelling units and four single family home approved projects for a total of 74 dwelling units in the project pipeline. While this is not a large number of new homes it is growth and the possibility of new students.

**Revenue**

California’s LCFF funding formula distributes funding based on three components, a base grant, a grade span adjustment K-3 and 9-12, and a demographic factor consisting of the percent of unduplicated students who qualify for the free or reduced lunch program (low income) or English learners. The demographic factor can generate up to two grants, one being the Supplemental Grant, which is 20% of the adjusted based grant multiplied by the percentage of unduplicated students, and the other being the Concentration Grant, which is 50% of the adjusted base grant multiplied by the percentage of unduplicated students in excess of 55% of the district’s enrollment.

Alpine USD receives one (K-3) of the two grade span adjustments and its demographics are such (33.9%) that it only receives the Supplemental Grant and no Concentration Grant funds; 6.2% of its LCFF comes from the Supplemental Grant.

The table below shows the District is projecting to earn an average of \$9,518 per ADA. To put this in perspective, the statewide mean \$/ADA earn by all districts is \$10,542 per ADA and the median being \$10,361 with the range being spanning from \$8,175 to \$51,394 per ADA.

	2018/19	2019/20	Change		2020/21	Increase		2021/22	Increase		2021/22	Increase	
Total LCFF	\$ 14.2	\$ 14.1	\$ (0.0)	-0.3%	\$ 14.2	\$ 0.0	0.2%	\$ 14.9	\$ 0.7	5.0%	\$ 13.9	\$ (1.0)	-6.5%
LCFF/ADA	\$ 8,704	\$ 9,045	\$ 341	3.9%	\$ 9,064	\$ 19	0.2%	\$ 9,518	\$ 454	5.0%	\$ 9,749	\$ 230	2.4%

<sup>1</sup> In millions

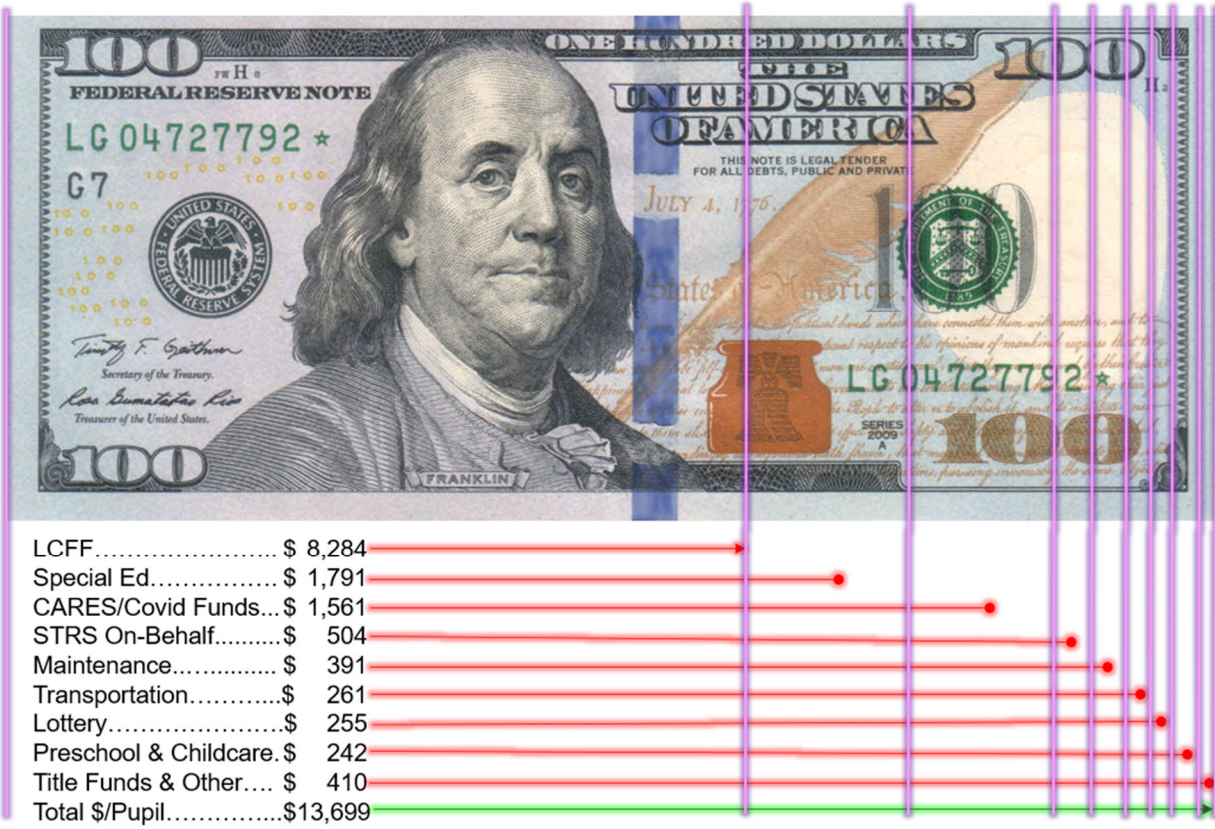
The District is projecting an unrestricted ending balance of \$2.6 million in 2021/22, which is 12.7%. The District is confident that it will maintain, at a minimum, a reserve of 8% per Board direction.

**Expenditures**

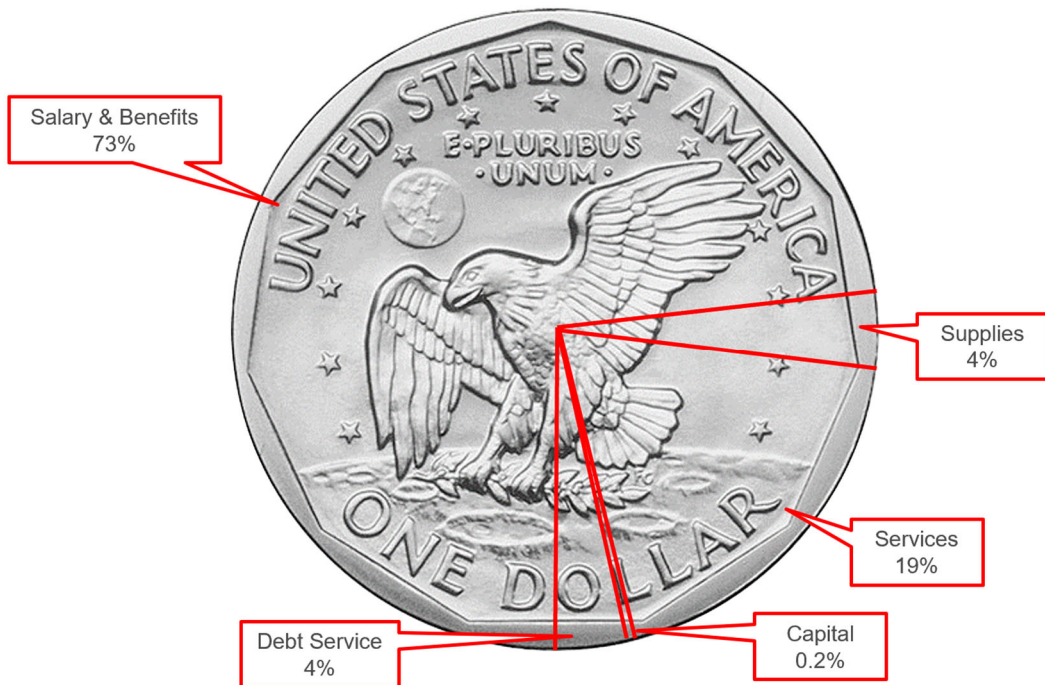
Like many districts in the State, the District’s facilities are aging and require substantial investment in maintenance to extend the utility of the structures beyond their expected life. As such, the District transferred \$750,000 to a special reserve fund for capital projects. While rather unique in the State, the District, under great leadership, has been able to prevent its special education expenditures from growing despite strong external pressures. Below is the breakdown by program of the District’s \$20.4 million 2021/22 general fund budget.



The chart below shows the average general fund expenditure per student by program:



The chart below shows the general fund expenditures by object:





The District's leadership and governance team have generally embraced fiscally conservative strategies, and as necessary, have implemented courses of action to ensure financial solvency of the District.

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

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

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

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

## Basic Financial Statements

# Alpine Union School District

## Statement of Net Position

June 30, 2021

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	Governmental Activities
<b>Assets</b>	
Cash	\$ 6,465,998
Accounts Receivable	3,994,281
Inventory	27,396
Prepaid Expenses	9,750
Capital Assets:	
Land	2,137,026
Land Improvements	8,302,674
Buildings & Improvements	24,453,641
Equipment	1,363,375
Work in Progress	95,602
Less Accumulated Depreciation	(22,534,582)
Total Assets	<u>24,315,161</u>
<b>Deferred Outflows of Resources</b>	<u>3,049,897</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	634,869
Current Loans	992,389
Unearned Revenue	209,542
Long-Term Liabilities:	
Due Within One Year	2,898,145
Due In More Than One Year	27,870,994
Total Liabilities	<u>32,605,939</u>
<b>Deferred Inflows of Resources</b>	<u>3,405,982</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,155,496
Restricted For:	
Capital Projects	563,318
Debt Service	2,730,590
Educational Programs	660,975
Other Purposes (Expendable)	114,820
Other Purposes (Nonexpendable)	39,646
Unrestricted	(13,911,708)
Total Net Position	<u>\$ (8,646,863)</u>

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

# Alpine Union School District

## Statement of Activities

For the Year Ended June 30, 2021

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Instruction	\$ 11,400,532	\$ 13,371	\$ 3,436,510	\$ -	\$ (7,950,651)
Instruction-Related Services:					
Instructional Supervision and Administration	46,375	-	23,989	-	(22,386)
Instructional Library, Media and Technology	125,616	-	-	-	(125,616)
School Site Administration	1,154,354	-	55,213	-	(1,099,141)
Pupil Services:					
Home-to-School Transportation	330,169	-	1,958	-	(328,211)
Food Services	542,071	779	644,045	-	102,753
All Other Pupil Services	1,089,260	7,851	415,505	-	(665,904)
General Administration:					
Centralized Data Processing	54,760	-	31,019	-	(23,741)
All Other General Administration	1,470,802	582	108,819	-	(1,361,401)
Plant Services	2,237,126	2,337	391,030	-	(1,843,759)
Ancillary Services	75	-	-	-	(75)
Community Services	289,574	-	-	-	(289,574)
Interest on Long-Term Debt	753,205	-	-	-	(753,205)
Other Outgo	208,344	112,306	578,954	-	482,916
Total Governmental Activities	<u>\$ 19,702,263</u>	<u>\$ 137,226</u>	<u>\$ 5,687,042</u>	<u>\$ -</u>	<u>(13,877,995)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					
				\$ 5,754,818	
Property Taxes, Levied for Debt Service					
				2,468,950	
Property Taxes, Levied for Other Specific Purposes					
				(215)	
Federal and State Aid Not Restricted for Specific Purposes					
				9,167,279	
Interest and Investment Earnings					
				54,479	
Miscellaneous					
				242,207	
Total General Revenues					
				<u>17,687,518</u>	
Change in Net Position					
					3,809,523
Net Position - Beginning of Year, As Restated (See Note S)					
					(12,456,386)
Net Position - Ending					
					<u>\$ (8,646,863)</u>

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



**Alpine Union School District**  
 Balance Sheet – Governmental Funds  
 June 30, 2021

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 2,567,011	\$ 903,969	\$ 2,730,590	\$ 264,428	\$ 6,465,998
Accounts Receivable	3,807,583	-	-	186,698	3,994,281
Due from Other Funds	115,397	1,000,000	-	-	1,115,397
Stores Inventories	-	-	-	27,396	27,396
Prepaid Expenditures	9,750	-	-	-	9,750
<b>Total Assets</b>	<u>\$ 6,499,741</u>	<u>\$ 1,903,969</u>	<u>\$ 2,730,590</u>	<u>\$ 478,522</u>	<u>\$ 11,612,822</u>
<b>Liabilities and Fund Balance:</b>					
Liabilities:					
Accounts Payable	609,507	-	-	1,369	610,876
Due to Other Funds	1,000,000	-	-	115,397	1,115,397
Tax Revenue Anticipation Notes	992,389	-	-	-	992,389
Unearned Revenue	209,542	-	-	-	209,542
<b>Total Liabilities</b>	<u>2,811,438</u>	<u>-</u>	<u>-</u>	<u>116,766</u>	<u>2,928,204</u>
Fund Balance:					
Nonspendable	12,250	-	-	27,396	39,646
Restricted	700,994	303,759	2,730,590	334,360	4,069,703
Assigned	-	1,600,210	-	-	1,600,210
Unassigned	2,975,059	-	-	-	2,975,059
<b>Total Fund Balance</b>	<u>3,688,303</u>	<u>1,903,969</u>	<u>2,730,590</u>	<u>361,756</u>	<u>8,684,618</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,499,741</u>	<u>\$ 1,903,969</u>	<u>\$ 2,730,590</u>	<u>\$ 478,522</u>	<u>\$ 11,612,822</u>

# Alpine Union School District

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

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**Total fund balances, governmental funds:** \$ 8,684,618

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

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

Capital assets relating to governmental activities, at historical cost	36,352,318	
Accumulated depreciation	<u>(22,534,582)</u>	
Net		13,817,736

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 unmatrued interest owing at the end of the period (23,993)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	10,540,259	
Capital leases payable	160,085	
Certificates of participation payable	1,961,897	
Net pension liability	14,968,564	
Total OPEB liability	2,999,310	
Compensated absences	<u>139,024</u>	
Total		(30,769,139)

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

# Alpine Union School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued  
June 30, 2021

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

Deferred outflows of resources relating to pensions	3,006,892	
Deferred inflows of resources relating to pensions	<u>(2,246,179)</u>	
Net		760,713

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

Deferred outflows of resources relating to OPEB	43,005	
Deferred inflows of resources relating to OPEB	<u>(1,159,803)</u>	
Net		<u>(1,116,798)</u>

**Total net position, governmental activities:** \$ (8,646,863)

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

# Alpine Union School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2021

	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
State Apportionment	\$ 6,333,968	\$ -	\$ -	\$ -	\$ 6,333,968
Education Protection Account Funds	2,259,161	-	-	-	2,259,161
Property Taxes	5,754,818	-	2,468,735	-	8,223,553
Federal Revenue	2,437,404	-	-	610,009	3,047,413
Other State Revenue	2,072,817	-	-	49,255	2,122,072
Interest and Investment Income	54,249	3,969	19,230	3,535	80,983
Other Local Revenue	1,218,311	300,000	180	145,101	1,663,592
Total Revenues	<u>\$ 20,130,728</u>	<u>\$ 303,969</u>	<u>\$ 2,488,145</u>	<u>\$ 807,900</u>	<u>\$ 23,730,742</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	11,212,224	-	-	-	11,212,224
Instruction - Related Services	1,249,119	-	-	-	1,249,119
Pupil Services	1,425,527	-	-	530,010	1,955,537
Ancillary Services	75	-	-	-	75
Community Services	299,750	-	-	-	299,750
General Administration	1,547,912	-	-	15,397	1,563,309
Plant Services	2,267,668	-	-	-	2,267,668
Other Outgo	208,344	-	-	-	208,344
Capital Outlay	184,978	-	-	70,632	255,610
Debt Service:					
Principal	406,216	-	599,395	-	1,005,611
Interest	105,777	-	1,518,605	-	1,624,382
Total Expenditures	<u>18,907,590</u>	<u>-</u>	<u>2,118,000</u>	<u>616,039</u>	<u>21,641,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,223,138</u>	<u>303,969</u>	<u>370,145</u>	<u>191,861</u>	<u>2,089,113</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	3	1,600,000	-	2,984	1,602,987
Transfers Out	(1,602,984)	-	-	(3)	(1,602,987)
Proceeds from Capital Leases	102,430	-	-	-	102,430
Total Other Financing Sources (Uses)	<u>(1,500,551)</u>	<u>1,600,000</u>	<u>-</u>	<u>2,981</u>	<u>102,430</u>
Net Change in Fund Balance	(277,413)	1,903,969	370,145	194,842	2,191,543
Fund Balance, Beginning of Year	3,965,716	-	2,360,445	166,914	6,493,075
Fund Balance, End of Year	<u>\$ 3,688,303</u>	<u>\$ 1,903,969</u>	<u>\$ 2,730,590</u>	<u>\$ 361,756</u>	<u>\$ 8,684,618</u>

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

# Alpine Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021

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**Total change in fund balances, governmental funds:** \$ 2,191,543

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	255,610	
Depreciation expense	(921,558)	
	<u>Net</u>	(665,948)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,005,611

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (102,430)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 865,233

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: 5,941

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

## Alpine Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities, Continued  
For the Year Ended June 30, 2021

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Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 298

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 262,084

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 136,616

Other liabilities not normally liquidated with current financial resources: In government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: 110,575

**Change in net position of governmental activities:** \$ 3,809,523

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

# Alpine Union School District

Notes to the Financial Statements

For the Year Ended June 30, 2021

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## A. Summary of Significant Accounting Policies

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

### 1. Reporting Entity

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

### 2. Component Units

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

### 3. Basis of Presentation

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

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

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

### *Major Governmental Funds*

The District reports the following major governmental funds:

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

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

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

### *Non-Major Governmental Funds*

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

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

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



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

**Building Fund:** The Building fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §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 §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

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

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

**Government-Wide and Fiduciary Financial Statements.** The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## 5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

## 6. Budgets and Budgetary Accounting

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

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

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

## 7. Revenues and Expenses

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

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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b. Expenses/Expenditures

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

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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c. Capital Assets

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

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

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

d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

h. Minimum Fund Balance Policy

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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i. Deferred Inflows and Deferred Outflows of Resources

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

j. Postemployment Benefits Other than Pensions (OPEB)

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

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

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

k. Pensions

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

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

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

l. Premiums and Discounts

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## 9. Property Taxes

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

## 10. Use of Estimates

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

## 11. Fair Value Measurements

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## 12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
<b>GASB Statement 84, Fiduciary Activities</b>	01/2017
<b>GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61</b>	08/2018
<b>GASB Statement 93, Replacement of Interbank Offered Rates</b>	03/2020
<b>GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019</b>	04/2019
<b>GASB Implementation Guide No. 2019-2, Fiduciary Activities</b>	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District has accounted for these activities in the general fund.

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

## B. **Compliance and Accountability**

### 1. Finance Related Legal and Contractual Provisions

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

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

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

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

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



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## C. Fair Value Measurements

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	\$ 6,463,111	\$ -	\$ 6,463,111	\$ -
Total investments by fair value level	\$ 6,463,111	\$ -	\$ 6,463,111	\$ -

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

## D. Cash and Investments

As of June 30, 2021, the District held the following cash and cash equivalents:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 2,553,462	\$ 900,210	\$ 2,730,590	\$ 263,329	\$ 6,447,591
Fair Market Value Adjustment	10,662	3,759	-	1,099	15,520
Cash in Bank and in Revolving Fund	2,887	-	-	-	2,887
Total Cash and Cash Equivalents	\$ 2,567,011	\$ 903,969	\$ 2,730,590	\$ 264,428	\$ 6,465,998

### 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$6,447,591 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$6,463,111. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Cash balances on hand and in banks (\$387 as of June 30, 2021) and in revolving fund (\$2,500 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All amounts are fully insured as of June 30, 2021.

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

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## 4. Analysis of Specific Deposit and Investment Risks

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

### a. Credit Risk

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

At June 30, 2021, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 6,463,111

### b. Custodial Credit Risk

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

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

At June 30, 2021, the District's bank balances (including revolving cash) were fully insured or collateralized and were therefore not exposed to custodial credit risk.

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains a pooled investments with the San Diego County Treasury with a fair value of \$6,463,111. The average weighted maturity for this pool was 613 days at June 30, 2021.

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021, consisted of:

	Major Governmental Funds				Total
	General Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	
Federal Government:					
Special Education	\$ 349,589	\$ -	\$ -	\$ -	\$ 349,589
Title I	28,678	-	-	-	28,678
Title II	41,342	-	-	-	41,342
Title III	18,300	-	-	-	18,300
ESSER II	534,077	-	-	-	534,077
GEER (LLM)	75,901	-	-	-	75,901
Child Nutrition	-	-	-	171,616	171,616
State Government:					
LCFF State Aid	2,120,829	-	-	-	2,120,829
Lottery	108,171	-	-	-	108,171
Special Education	384,406	-	-	-	384,406
SB-117 Covid19	384	-	-	-	384
ELO Grant	61,003	-	-	-	61,003
Child Nutrition	-	-	-	15,082	15,082
Local Sources					
Interest	10,000	-	-	-	10,000
Special Education	74,904	-	-	-	74,904
Total Accounts Receivable	<u>\$ 3,807,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,698</u>	<u>\$ 3,994,281</u>

## F. Prepaid Expenses

Prepaid expenses at June 30, 2021, consisted of:

	General Fund
	<u>                    </u>
Prepaid service agreement	<u>\$ 9,750</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## G. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,137,026	\$ -	\$ -	\$ 2,137,026
Work in progress	123,444	12,232	40,074	95,602
Total capital assets not being depreciated	2,260,470	12,232	40,074	2,232,628
Capital assets being depreciated:				
Land improvements	8,224,985	77,689	-	8,302,674
Buildings and improvements	24,453,641	-	-	24,453,641
Equipment	1,282,228	205,762	124,615	1,363,375
Total capital assets being depreciated	33,960,854	283,451	124,615	34,119,690
Less accumulated depreciation for:				
Land improvements	(7,108,478)	(255,144)	-	(7,363,622)
Buildings and improvements	(13,516,747)	(609,356)	-	(14,126,103)
Equipment	(1,112,414)	(57,058)	(124,615)	(1,044,857)
Total accumulated depreciation	(21,737,639)	(921,558)	(124,615)	(22,534,582)
Total capital assets being depreciated, net	12,223,215	(638,107)	-	11,585,108
Governmental activities capital assets, net	\$ 14,483,685	\$ (625,875)	\$ 40,074	\$ 13,817,736

Depreciation was charged to functions as follows:

Instruction	\$ 746,366
Instruction Related	122,005
Pupil Services	42,845
General Administration	5,080
Plant Services	5,262
	\$ 921,558

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## H. Interfund Balances and Activities

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

Balances due to and due from other funds at June 30, 2021, consisted of the following:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Cafeteria Fund	\$ 115,397	Indirect Cost Receivable & Payroll Loan
Capital Outlay Projects	General Fund	1,000,000	Deferred Maintenance Capital Project
	Total	<u>\$ 1,115,397</u>	

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

### 2. Interfund Transfers Between Funds

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Building Fund	\$ 3	Close Building Fund
Capital Outlay Projects	General Fund	1,600,000	Deferred Maintenance Capital Project
Cafeteria Fund	General Fund	2,984	Prior Year Unpaid Lunch Balances
	Total	<u>\$ 1,602,987</u>	

## I. Accounts Payable

Accounts payable balances as of June 30, 2021, consisted of:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Vendors payable	\$ 391,688	\$ 136	\$ 391,824
Pension related payables	140,510	1,233	141,743
Payroll and benefits	50,630	-	50,630
LCFF repayment	26,679	-	26,679
Total accounts payable	<u>\$ 609,507</u>	<u>\$ 1,369</u>	<u>\$ 610,876</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## J. Unearned Revenue

Unearned revenue balances as of June 30, 2021, consisted of:

	<u>General Fund</u>
In-Person Instruction	\$ 198,422
Title IV	<u>11,120</u>
Total Unearned Revenue	<u>\$ 209,542</u>

## K. Short-Term Debt Activity

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

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

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



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021, consisted of:

	<u>Major Governmental Funds</u>				Total
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Bond Interest and Redemption Fund</u>	<u>Nonmajor Governmental Funds</u>	
Nonspendable Fund Balance					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Inventory	-	-	-	27,396	27,396
Prepaid Expenditures	9,750	-	-	-	9,750
Total Nonspendable Fund Balance	<u>12,250</u>	<u>-</u>	<u>-</u>	<u>27,396</u>	<u>39,646</u>
Restricted Fund Balance					
Capital Projects	-	303,759	-	334,360	638,119
Debt Service	-	-	2,730,590	-	2,730,590
Educational Programs	660,975	-	-	-	660,975
Other Purposes	40,019	-	-	-	40,019
Total Restricted Fund Balance	<u>700,994</u>	<u>303,759</u>	<u>2,730,590</u>	<u>334,360</u>	<u>4,069,703</u>
Assigned Fund Balance					
Capital Projects	-	1,600,210	-	-	1,600,210
Total Assigned Fund Balance	<u>-</u>	<u>1,600,210</u>	<u>-</u>	<u>-</u>	<u>1,600,210</u>
Unassigned Fund Balance					
For Economic Uncertainties	567,228	-	-	-	567,228
Other Unassigned	2,407,831	-	-	-	2,407,831
Total Unassigned Fund Balance	<u>2,975,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,975,059</u>
Total Fund Balance	<u>\$ 3,688,303</u>	<u>\$ 1,903,969</u>	<u>\$ 2,730,590</u>	<u>\$ 361,756</u>	<u>\$ 8,684,618</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## M. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 12,006,688	\$ 658,362	\$ 2,124,792	\$ 10,540,258	\$ 2,364,792
Certificates of Participation	2,263,046	-	301,149	1,961,897	306,149
Capital Leases Payable	158,871	102,431	101,216	160,086	88,180
Retirement Incentive	110,575		110,575	-	-
Net Pension Liability*	15,474,300	-	505,736	14,968,564	-
Total OPEB Liability*	2,937,074	62,236	-	2,999,310	-
Compensated Absences*	139,322	-	298	139,024	139,024
Total Governmental Activities	<u>\$ 33,089,876</u>	<u>\$ 823,029</u>	<u>\$ 3,143,766</u>	<u>\$ 30,769,139</u>	<u>\$ 2,898,145</u>

\*Other long-term liabilities

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

### 2. General Obligation Bonds

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

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

General obligation bonds payable as of June 30, 2021, are as follows:

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
1997 Election, Series A				
Principal	\$ 1,087,500	\$ -	\$ 351,670	\$ 735,830
Premium	8,650	-	2,884	5,766
Accreted Interest	2,569,149	170,469	863,330	1,876,288
1997 Election, Series B				
Principal	2,345,667	-	247,725	2,097,942
Premium	34,539	-	6,908	27,631
Accreted Interest	5,961,183	487,893	652,275	5,796,801
Total GO Bonds	<u>\$ 12,006,688</u>	<u>\$ 658,362</u>	<u>\$ 2,124,792</u>	<u>\$ 10,540,258</u>

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Accreted Interest	Total
2022	\$ 629,615	\$ 1,725,385	\$ 2,355,000
2023	979,233	2,950,767	3,930,000
2024	608,793	2,056,207	2,665,000
2025	616,131	2,253,869	2,870,000
Total	<u>\$ 2,833,772</u>	<u>\$ 8,986,228</u>	<u>\$ 11,820,000</u>

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2021.

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

### Premium

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

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

	1997 Series A	1997 Series B
Total Interest Payments on Bonds	\$ 8,930,341	\$ 10,472,621
Less Bond Premium	(205,625)	(194,377)
Net Interest Payments	<u>\$ 8,724,716</u>	<u>\$ 10,278,244</u>
Par Amount of Bonds	6,875,605	4,124,286
Periods	25	25
Effective Interest Rate	5.08%	9.97%

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

### 3. Certificates of Participation

Certificates of participation at June 30, 2021 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2010 Series A COPs	06/16/10	4.513 - 7.33%	04/15/27	\$ 4,470,000
Total COPs				<u>\$ 4,470,000</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2010 Series A COPs				
Principal	\$ 2,290,000	\$ -	\$ 305,000	\$ 1,985,000
Discount	(26,954)	-	(3,851)	(23,103)
Total COPs	<u>\$ 2,263,046</u>	<u>\$ -</u>	<u>\$ 301,149</u>	<u>\$ 1,961,897</u>

The annual requirements to amortize the COPs outstanding at June 30, 2021 are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2022	\$ 310,000	\$ 141,030	\$ 451,030
2023	315,000	120,012	435,012
2024	340,000	98,182	438,182
2025	325,000	74,110	399,110
2026	335,000	60,776	395,776
2027-2031	360,000	27,108	387,108
Total	<u>\$ 1,985,000</u>	<u>\$ 521,218</u>	<u>\$ 2,506,218</u>

#### *Discount*

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

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

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

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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### 4. Capital Leases

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

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

During the 2020-21 fiscal year the District entered into lease agreements to purchase Canon copy machines. Proceeds from the capital lease were \$102,431. Payments are due monthly with interest at 1.895% through April 2026.

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of June 30, 2021, as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 88,180	\$ 4,478	\$ 92,658
2023	18,637	1,201	19,838
2024	18,993	845	19,838
2025	19,356	482	19,838
2026	14,920	119	15,039
Total	<u>\$ 160,086</u>	<u>\$ 7,125</u>	<u>\$ 167,211</u>

### 5. Early Retirement Incentive

During the 2015-16 fiscal year the District offered a retirement incentive to eligible employees. The incentive calls for the lump sum payments to retirement accounts for employees who took advantage of the offer equal to 65% of their final pay. 10 retirees took advantage of the incentive for a total cost to the District of \$552,875. The payments for the retirement incentive are made over a five-year period with the first payment made during the 2016-17 fiscal year. The final payment of \$110,575 was made during the 2020-21 fiscal year.

### 6. Net Pension Liability

The District's beginning net pension liability was \$15,474,300 and decreased by \$505,736 during the year ended June 30, 2021 for an ending net pension liability of \$14,968,564. See Note N for additional information regarding the net pension liability.

### 7. Total OPEB Liability

The District's beginning total OPEB liability was \$2,937,074 and increased by \$62,236 during the year ended June 30, 2021 for an ending total OPEB liability of \$2,999,310. See Note O for additional information regarding the total OPEB liability.

### 8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021, was \$139,024. This amount is included as part of long-term liabilities in the government-wide financial statements.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## N. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

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

#### b. Benefits Paid

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

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Required State Contribution Rates (2020-21)	10.328%	10.328%

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2020-21)	7.000%	7.000%
Required State Contribution Rates (2020-21)	20.700%	20.700%

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

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2021, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## *On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District’s proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State’s pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 1,097,277	\$ (210,105)
2020	10.328%	695,231	219,770
2021	10.328%	737,560	518,604

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 152,222	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,122,814	\$ 423,722	\$ 1,546,536
Contributions - State On Behalf Payments	737,560	-	737,560
Total Governmental Funds	<u>\$ 1,860,374</u>	<u>\$ 423,722</u>	<u>\$ 2,284,096</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,151,089	\$ 369,829	\$ 1,520,918
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 1,151,089</u>	<u>\$ 369,829</u>	<u>\$ 1,520,918</u>

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

As of June 30, 2020 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	<u>\$ 11,089,303</u>	<u>\$ 3,879,261</u>	<u>\$ 14,968,564</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

The District’s net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

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

	CalSTRS		Total For District Employees	CalPERS
	District's Proportionate Share	State's Proportionate Share*		District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2020	0.0128%	0.0068%	0.0196%	0.0136%
Proportion June 30, 2021	0.0114%	0.0075%	0.0189%	0.0126%
Change in Proportion	-0.0014%	0.0007%	-0.0007%	-0.0010%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (430,705)	\$ (75,031)	\$ (505,736)
State On Behalf Pension Expense	518,604	-	518,604
Employer Contributions to Pension Expense	1,122,814	423,722	1,546,536
Change in Contributions Subsequent to Measurement Date	28,275	(53,893)	(25,618)
Change in Other Deferred Outflows/Inflows of Resources	(167,553)	436,823	269,270
Total Pension Expense - Governmental	\$ 1,071,435	\$ 731,621	\$ 1,803,056

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 1,122,814	\$ 423,722	\$ 1,546,536
Differences between actual and expected experience	19,041	234,889	253,930
Changes in assumptions	895,809	21,565	917,374
Changes in employer's proportionate share	-	24,732	24,732
Net difference between projected and actual earnings	205,802	58,518	264,320
Total Deferred Outflows of Resources	<u>\$ 2,243,466</u>	<u>\$ 763,426</u>	<u>\$ 3,006,892</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 269,505	\$ -	\$ 269,505
Changes in employer's proportionate share	1,349,700	626,974	1,976,674
Total Deferred Inflows of Resources	<u>\$ 1,619,205</u>	<u>\$ 626,974</u>	<u>\$ 2,246,179</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 1,200,268	\$ 560,733	\$ (532,414)	\$ (208,831)	\$ 1,019,756
2023	367,522	97,722	(380,330)	(182,113)	(97,199)
2024	469,884	66,412	(353,288)	(182,114)	894
2025	172,149	38,559	(288,032)	(53,916)	(131,240)
2026	16,821	-	(49,397)	-	(32,576)
Thereafter	16,822	-	(15,744)	-	1,078
Total	<u>\$ 2,243,466</u>	<u>\$ 763,426</u>	<u>\$ (1,619,205)</u>	<u>\$ (626,974)</u>	<u>\$ 760,713</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

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

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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a. Discount Rate

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

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

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

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

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

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

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

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

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

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

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 16,754,391	\$ 5,577,146
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 11,089,303	\$ 3,879,261
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 6,411,974	\$ 2,470,103

**Alpine Union School District**  
Notes to the Financial Statements, Continued  
June 30, 2021

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

**CalSTRS**

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2020</b> (Previously Reported)	\$ 64,446,757	\$ 46,764,380	\$ 17,682,377	\$ 6,162,369	\$ 11,520,008
<b>Changes for the year</b>					
CalSTRS auditor adjustment	(379)	-	(379)	(151)	(228)
Change in proportionate share	(1,977,127)	(1,434,659)	(542,468)	642,499	(1,184,967)
Service cost	1,392,939	-	1,392,939	553,023	839,916
Interest	4,428,181	-	4,428,181	1,758,072	2,670,109
Difference between expected and actual experience	(182,752)	-	(182,752)	(72,556)	(110,196)
Change in assumptions	195,277	-	195,277	77,529	117,748
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	1,153,836	(1,153,836)	(458,095)	(695,741)
Employee	-	708,813	(708,813)	(281,412)	(427,401)
State on oehalf	-	843,893	(843,893)	(335,041)	(508,852)
Net investment income	-	1,917,299	(1,917,299)	(761,204)	(1,156,095)
Other income	-	19,247	(19,247)	(7,642)	(11,605)
Benefit payments <sup>(1)</sup>	(3,041,063)	(3,041,063)	-	-	-
Administrative expenses	-	(41,535)	41,535	16,490	25,045
Borrowing costs	-	(17,969)	17,969	7,134	10,835
Other expenses	-	(1,205)	1,205	478	727
Net changes	815,076	106,657	708,419	1,139,124	(430,705)
<b>Balance at June 30, 2021</b>	<u>\$ 65,261,833</u>	<u>\$ 46,871,037</u>	<u>\$ 18,390,796</u>	<u>\$ 7,301,493</u>	<u>\$ 11,089,303</u>

(1) – Includes refunds of employee contributions



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## CalPERS

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at June 30, 2020</b>			
(Previously Reported)	\$ 13,201,799	\$ 9,247,507	\$ 3,954,292
<b>Changes for the year</b>			
Change in proportionate share	(900,034)	(630,450)	(269,584)
Service cost	291,153	-	291,153
Interest	872,961	-	872,961
Difference between expected and actual experience	57,205	-	57,205
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	362,367	(362,367)
Employee	-	132,496	(132,496)
Nonemployer	-	114,293	(114,293)
Net plan to plan resource movement	-	21	(21)
Net investment income	-	429,677	(429,677)
Benefit payments <sup>(1)</sup>	(590,600)	(590,600)	-
Administrative expenses	-	(12,088)	12,088
Other expenses	-	-	-
Net changes	<u>(269,315)</u>	<u>(194,284)</u>	<u>(75,031)</u>
<b>Balance at June 30, 2021</b>	<u>\$ 12,932,484</u>	<u>\$ 9,053,223</u>	<u>\$ 3,879,261</u>

(1) – Includes refunds of employee contributions

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

### 1. Plan Description

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

### 2. Benefits Provided

The following is a summary of the current retiree benefit plan:

	<i>Classified</i>	<i>Certificated</i>	<i>Management &amp; Confidential</i>
Benefit types provided	Medical	Medical	Medical
Duration of Benefits	10 years but not beyond age 65	10 years but not beyond age 65	10 years but not beyond age 65
Required Service	15 years	15 years	15 years
Minimum Age	Age 55	Age 55	Age 55
Dependent Coverage	Self-pay basis	Self-pay basis	Self-pay basis
District Contribution %	100% of retiree premium only	100% of retiree premium only	100% of retiree premium only

### 3. Contributions

The contribution requirements of Plan members and the Alpine Union School District are established and may be amended by the Alpine Union School District through negotiations with bargaining units.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## 4. Plan Membership

Membership of the plan consisted of the following as of the June 30, 2020 valuation date, measured as of June 30, 2021 for fiscal year June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>121</u>
	<u>145</u>

## 5. Total OPEB Liability

The Alpine Union School District's total OPEB liability of \$2,999,310 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

## 6. Actuarial Assumptions and Other Inputs

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

### **Economic assumptions:**

Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Discount rate	2.16%
Healthcare cost trend rates	4.00% per year
Retiree's Share of Costs	0.00%

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

#### *Mortality*

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

#### *Termination Rates:*

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

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

**Alpine Union School District**

Notes to the Financial Statements, Continued

June 30, 2021

7. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Service cost	\$ 179,807
Interest	64,517
Experience (Gains)/Losses	-
Changes of assumptions	6,674
Benefit payments, including refunds of member	<u>(188,762)</u>
Net change in Total OPEB Liability	62,236
Total OPEB Liability - Beginning	<u>2,937,074</u>
Total OPEB Liability - Ending	<u><u>\$ 2,999,310</u></u>

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

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

	<u>1% Decrease (1.16%)</u>	<u>Valuation Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 3,139,768	\$ 2,999,310	\$ 2,858,954

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

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

	<u>1% Decrease (3.00%)</u>	<u>Healthcare Cost Trend Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total OPEB Liability	\$ 2,732,334	\$ 2,999,310	\$ 3,304,686

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$52,146. At June 30, 2021 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience differences	\$ -	\$ (583,388)
Changes of assumptions	<u>43,005</u>	<u>(576,415)</u>
Total	<u>\$ 43,005</u>	<u>\$ (1,159,803)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2022	\$ 19,129	\$ (211,306)	\$ (192,177)
2023	19,128	(206,196)	(187,068)
2024	642	(206,196)	(205,554)
2025	642	(206,196)	(205,554)
2026	642	(206,196)	(205,554)
Thereafter	<u>2,822</u>	<u>(123,713)</u>	<u>(120,891)</u>
Total	<u>\$ 43,005</u>	<u>\$ (1,159,803)</u>	<u>\$ (1,116,798)</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## P. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

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

## Q. Participation in Joint Powers Authorities

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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## R. Commitments and Contingencies

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

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

### 2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2021.

### 3. Construction Commitments

As of June 30, 2021, the District did not have any commitments with respect to construction projects.

## S. Adjustment to Beginning Balance

As a result of a correction of error in reporting of capital assets, the District adjusted beginning net position as follows:

	<u>Government- Wide Financial Statements</u>
Beginning Net Position as Reported in June 30, 2020 Audit Report	\$ (12,396,389)
Adjustments to Beginning Balance	
Correction of typographical error on capital assets reported	(60,000)
Rounding	3
Beginning Net Position/Fund Balance, as Restated	<u>\$ (12,456,386)</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## T. Deferred Outflows of Resources

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

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

A summary of the deferred outflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related	\$ 2,540,874	\$ 2,683,958	\$ 2,217,940	\$ 3,006,892
OPEB related	55,460		12,455	43,005
Total Deferred Outflows of Resources	<u>\$ 2,596,334</u>	<u>\$ 2,683,958</u>	<u>\$ 2,230,395</u>	<u>\$ 3,049,897</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	\$ 1,761,001	\$ 19,129	\$ 1,780,130
2023	465,244	19,128	484,372
2024	536,296	642	536,938
2025	210,708	642	211,350
2026	16,821	642	17,463
Thereafter	16,822	2,822	19,644
Total	<u>\$ 3,006,892</u>	<u>\$ 43,005</u>	<u>\$ 3,049,897</u>



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

## U. Deferred Inflows of Resources

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

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

A summary of the deferred inflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related	\$ 1,536,509	\$ 1,564,747	\$ 855,077	\$ 2,246,179
OPEB related	1,371,110		211,307	1,159,803
Total Deferred Inflows of Resources	<u>\$ 2,907,619</u>	<u>\$ 1,564,747</u>	<u>\$ 1,066,384</u>	<u>\$ 3,405,982</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	\$ 741,245	\$ 211,306	\$ 952,551
2023	562,443	206,196	768,639
2024	535,402	206,196	741,598
2025	341,948	206,196	548,144
2026	49,397	206,196	255,593
Thereafter	15,744	123,713	139,457
Total	<u>\$ 2,246,179</u>	<u>\$ 1,159,803</u>	<u>\$ 3,405,982</u>

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2021

### V. Upcoming Accounting Guidance

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

Description	Date Issued	Fiscal Year Effective
<b>GASB Statement 87, Leases</b>	06/2017	2021-22
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018	2021-22
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 92, Omnibus 2020</b>	01/2020	2021-22
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32</b>	06/2020	2021-22
<b>GASB Statement 98, The Annual Comprehensive Financial Report</b>	10/2021	2021-22
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019	2021-22
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020	2021-22
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021</b>	05/2021	2021-22 Thru 2023-24

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

## **Alpine Union School District**

Notes to the Financial Statements, Continued

June 30, 2021

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### **W. COVID-19 Considerations**

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Alpine Union School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The Alpine Union School District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

### **X. Subsequent Event**

July 2021 the District entered into a capital lease agreement with CN Financing, Inc. to purchase FieldTurf Maintenance Equipment. Proceeds from the capital lease were \$1,000,000 with annual payments of \$110,772 inclusive of interest at 2.332% commencing August 1, 2021 and extending through August 1, 2030.

## Required Supplementary Information

# Alpine Union School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 5,782,802	\$ 6,276,535	\$ 6,333,968	\$ 57,433
Education Protection Account	1,889,561	2,310,971	2,259,161	(51,810)
Property Taxes	5,458,900	5,693,925	5,754,818	60,893
Federal Revenue	720,244	1,935,394	2,437,404	502,010
Other State Revenue	1,669,913	1,596,349	2,072,817	476,468
Other Local Revenue	1,297,219	1,473,936	1,272,560	(201,376)
Total Revenues	<u>16,818,639</u>	<u>19,287,110</u>	<u>20,130,728</u>	<u>843,618</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	7,196,862	7,427,968	7,276,866	151,102
Classified Salaries	2,602,660	2,750,210	2,524,472	225,738
Employee Benefits	5,036,522	4,667,638	4,230,455	437,183
Books and Supplies	664,774	1,566,238	1,025,050	541,188
Services and Other	2,236,174	2,870,466	2,960,829	(90,363)
Other Outgo	-	-	208,344	(208,344)
Direct Support/Indirect Costs	-	5,500	(15,397)	20,897
Capital Outlay	56,739	84,339	184,978	(100,639)
Debt Service				
Principal	400,944	400,944	406,216	(5,272)
Interest	157,189	157,189	105,777	51,412
Total Expenditures	<u>18,351,864</u>	<u>19,930,492</u>	<u>18,907,590</u>	<u>1,022,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,533,225)</u>	<u>(643,382)</u>	<u>1,223,138</u>	<u>1,866,520</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	3	3
Transfers Out	-	(602,985)	(1,602,984)	(999,999)
Proceeds from Capital Leases	-	-	102,430	102,430
Net Financing Sources (Uses)	<u>-</u>	<u>(602,985)</u>	<u>(1,500,551)</u>	<u>(897,566)</u>
<b>Net Change in Fund Balance</b>	(1,533,225)	(1,246,367)	(277,413)	968,954
<b>Fund Balance - Beginning of Year</b>	3,965,716	3,965,716	3,965,716	-
<b>Fund Balance - End of Year</b>	<u>\$ 2,432,491</u>	<u>\$ 2,719,349</u>	<u>\$ 3,688,303</u>	<u>\$ 968,954</u>

See Accompanying Notes to Required Supplementary Information

## Alpine Union School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0114%	0.0128%	0.0131%	0.0133%	0.0142%	0.0150%	0.0156%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 11,089,303	\$ 11,520,008	\$ 12,049,007	\$ 12,259,182	\$ 11,481,390	\$ 10,126,040	\$ 9,112,358	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	7,301,493	6,162,369	6,435,700	6,967,462	6,366,968	5,466,702	4,679,621	N/A	N/A	N/A
Total	<u>\$ 18,390,796</u>	<u>\$ 17,682,377</u>	<u>\$ 18,484,707</u>	<u>\$ 19,226,644</u>	<u>\$ 17,848,358</u>	<u>\$ 15,592,742</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 7,044,351	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	\$ 6,909,600	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,122,814	\$ 1,204,584	\$ 1,116,164	\$ 1,004,671	\$ 881,718	\$ 756,762	\$ 617,215	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,122,814)	(1,204,584)	(1,116,164)	(1,004,671)	(881,718)	(756,762)	(617,215)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 6,952,409	\$ 7,044,351	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

## Alpine Union School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0126%	0.0136%	0.0160%	0.0157%	0.0164%	0.0160%	0.0176%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 3,879,261	\$ 3,954,292	\$ 4,258,638	\$ 3,751,108	\$ 3,236,921	\$ 2,354,564	\$ 1,996,391	N/A	N/A	N/A
District's covered payroll**	\$ 1,837,508	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	\$ 1,849,039	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.26%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information



# Alpine Union School District

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years\*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 423,722	\$ 362,375	\$ 342,951	\$ 330,747	\$ 280,283	\$ 235,128	\$ 209,100	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(423,722)	(362,375)	(342,951)	(330,747)	(280,283)	(235,128)	(209,100)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
District's covered payroll**	\$ 2,046,966	\$ 1,837,508	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 179,807	\$ 278,684	\$ 270,567	\$ 265,736	N/A	N/A	N/A	N/A	N/A	N/A
Interest	64,517	139,837	159,946	154,401	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	(144,764)	-	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	(791,742)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	6,674	(775,343)	92,434	(25,554)	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	(27,938)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(188,762)	(372,724)	(382,402)	(359,063)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	62,236	(1,549,226)	(4,219)	35,520	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	2,937,074	4,486,300	4,490,519	4,454,999	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 2,999,310</u>	<u>\$ 2,937,074</u>	<u>\$ 4,486,300</u>	<u>\$ 4,490,519</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	8,606,821	8,606,821	8,680,000	\$ 8,680,000	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	34.85%	34.12%	51.69%	51.73%	N/A	N/A	N/A	N/A	N/A	N/A

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

# Alpine Union School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2021

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## Excess of Expenditures Over Appropriations

As of June 30, 2021, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Other Outgo	\$ 208,344	The District did not budget for other outgo.
Services and Other	90,363	The District underestimated cost of services and other operating.
Capital Outlay	100,639	The District did not budget for capital assets obtained through capital lease.
Principal	5,272	The District did not budget principal payments on new capital leases.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

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

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019 (released in May 2020). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

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

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

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

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

## Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

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

### Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

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

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

# Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

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

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

## Combining Statements as Supplementary Information

# Alpine Union School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2021

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Cafeteria Fund</u>	<u>Capital Projects Funds</u>	
<b>Assets</b>			
Cash in County Treasury	\$ 4,869	\$ 259,559	\$ 264,428
Accounts Receivable	186,698	-	186,698
Stores Inventories	27,396	-	27,396
Total Assets	<u>\$ 218,963</u>	<u>\$ 259,559</u>	<u>\$ 478,522</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:	116,766	-	116,766
Total Liabilities	<u>\$ 116,766</u>	<u>\$ -</u>	<u>\$ 116,766</u>
Fund Balance:			
Restricted	74,801	259,559	334,360
Nonspendable	27,396	-	27,396
Total Fund Balance	<u>102,197</u>	<u>259,559</u>	<u>361,756</u>
Total Liabilities and Fund Balances	<u>\$ 218,963</u>	<u>\$ 259,559</u>	<u>\$ 478,522</u>



# Alpine Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2021

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Cafeteria Fund	Capital Projects Funds	
<b>Revenues</b>			
Federal Revenue	\$ 610,009	\$ -	\$ 610,009
Other State Revenue	49,255	-	49,255
Interest and Investment Earnings	957	2,577	3,534
Other Local Revenue	8,656	136,446	145,102
Total Revenues	668,877	139,023	807,900
<b>Expenditures</b>			
Expenditures:			
Current:			
Pupil Services	530,010	-	530,010
General Administration	15,397	-	15,397
Capital Outlay	58,800	11,832	70,632
Total Expenditures	604,207	11,832	616,039
			-
Other Financing Sources (Uses)			
Transfers In	2,984	-	2,984
Transfers Out	-	(3)	(3)
Total Other Financing Sources (Uses)	2,984	(3)	2,981
Net Change in Fund Balance	67,654	127,188	194,842
Fund Balance, Beginning of Year	34,543	132,371	166,914
Fund Balance, End of Year	\$ 102,197	\$ 259,559	\$ 361,756

# Alpine Union School District

## Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

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	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Cash in County Treasury	\$ -	\$ 259,559	\$ 259,559
Total Assets	<u>\$ -</u>	<u>\$ 259,559</u>	<u>\$ 259,559</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:			
Restricted	-	259,559	259,559
Total Fund Balance	<u>-</u>	<u>259,559</u>	<u>259,559</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 259,559</u>	<u>\$ 259,559</u>

## Alpine Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2021

	Building Fund	Capital Facilities Fund	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Interest and Investment Earnings	\$ -	\$ 2,577	\$ 2,577
Other Local Revenue	-	136,446	136,446
Total Revenues	<u>-</u>	<u>139,023</u>	<u>139,023</u>
<b>Expenditures</b>			
Expenditures:			
Capital Outlay	-	11,832	11,832
Total Expenditures	<u>-</u>	<u>11,832</u>	<u>11,832</u>
-			
Other Financing Sources (Uses)			
Transfers Out	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Total Other Financing Sources (Uses)	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Net Change in Fund Balance	(3)	127,191	127,188
Fund Balance, Beginning of Year	<u>3</u>	<u>132,368</u>	<u>132,371</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 259,559</u>	<u>\$ 259,559</u>

## Other Supplementary Information

# Alpine Union School District

Local Education Agency Organization Structure

June 30, 2021

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

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## GOVERNING BOARD

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

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## ADMINISTRATION

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Richard Newman, Ed.D  
Superintendent

Bobbi Burkett  
Assistant Superintendent of  
Human Resources and  
Student Services

William Pickering  
Chief Business Officer

# Alpine Union School District

## Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
Transitional Kindergarten	180	180	N/A	Complied
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	240	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied

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

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
  - To pupils in Kindergarten 36,000 minutes
  - To pupils in grades 1 to 3 50,400 minutes
  - To pupils in grades 4 to 8 54,000 minutes
  - To pupils in grades 9 to 12 64,800 minutes
  
- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
  - EC §46112: Grades 1 to 3 230 minutes
  - EC §46113: Grades 4 to 8 240 minutes
  - EC §46114: Kindergarten 180 minutes
  - EC §46141: Grades 9 to 12 240 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

# Alpine Union School District

## Schedule of Financial Trends and Analysis

Year Ended June 30, 2021

General Fund	Budget 2022 (See Note 1)	2021	2020	2019
Revenues and Other Financing Sources	\$ 19,655,564	\$ 20,233,161	\$ 17,774,798	\$ 18,719,810
Expenditures and Other Financing Uses	20,987,228	20,510,574	17,056,746	17,581,503
Net Change in Fund Balance	(1,331,664)	(277,413)	718,052	1,138,307
Ending Fund Balance	<u>\$ 2,356,639</u>	<u>\$ 3,688,303</u>	<u>\$ 3,965,716</u>	<u>\$ 3,247,664</u>
Available Reserves (See Note 2)	<u>\$ 2,177,810</u>	<u>\$ 2,975,059</u>	<u>\$ 3,330,045</u>	<u>\$ 1,720,186</u>
Available Reserves as a Percentage of Total Outgo	<u>10.38%</u>	<u>14.51%</u>	<u>19.52%</u>	<u>9.78%</u>
Long Term Debt (See Note 3)	<u>\$ 9,903,120</u>	<u>\$ 12,662,241</u>	<u>\$ 14,428,605</u>	<u>\$ 16,122,789</u>
Average Daily Attendance at P2	<u>1,467</u>	<u>N/A</u>	<u>1,561</u>	<u>1,550</u>

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

The general fund balance has increased by \$440,639 (13.5%) over the past two years. The fiscal year 2021-22 budget projects a decrease of \$1,331,664 (36.1%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by \$3,460,548 over the past two years.

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

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Total long-term debt consists of general obligation bonds payable, certificates of participation, and capital leases.

## **Alpine Union School District**

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

Year Ended June 30, 2021

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The fund balances for all funds as reported by the District in their unaudited financial statements are in agreement with the fund balances reported in the accompanying audited financial statements.

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



**Alpine Union School District**

Schedule of Charter Schools

Year Ended June 30, 2021

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As of June 30, 2021, the District is not a sponsoring local educational agency for any charter schools.

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

**Alpine Union School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Summer Food Service Program - Noncash Commodities	10.559	13006	\$ -	\$ 19,675
Summer Food Service Program	10.559	13006	-	590,334
Total Child Nutrition Cluster			-	610,009
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	284,488
IDEA Preschool Grants	84.173	13430	-	13,691
Total Special Education (IDEA) Cluster			-	298,179
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation Fund	21.019	25516	-	612,594
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	115,336
School Climate Transformation	84.184	N/A	-	127,500
Passed through California Department of Education				
Title I	84.010	14329	-	235,097
Indian Education	84.060	10011	-	2,001
Title II Supporting Effective Instruction	84.367	14341	-	41,342
Title III English Learner Student Program	84.365	14346	-	20,930
Title IV Student Support & Academic Enrichment	84.424	15396	-	166
Workability II Transition Partnership	84.126	10006	-	10,000
Governor's Emergency Education Relief Fund	84.425C	15517	-	101,202
CARES Act - Elementary & Secondary School Emergency Relief	84.425D	15536	-	120,437
CARES Act - Elementary & Secondary School Emergency Relief II	84.425D	15547	-	593,775
Total Other Programs			-	1,980,380
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 2,888,568

See Accompanying Notes to Schedule of Expenditures of Federal Awards

# Alpine Union School District

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

## Basis of Presentation

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

## Summary of Significant Accounting Policies

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

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 5.12% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Special Education Cluster	84.027, 84.173	0.00%
Child Nutrition Cluster	10.559	2.93%
Indian Education	84.060	0.00%
Title III English Learner Student Program	84.365	0.00%
Title IV Student Support & Academic Enrichment	84.424	0.00%
CARES Act - Learning Loss Mitigation Fund	21.019	0.00%
Impact Aid	84.041	0.00%
School Climate Transformation	84.184	2.68%
Workability II Transition Partnership	84.126	2.68%

## Schoolwide Program

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

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 235,097

# Alpine Union School District

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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

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

### Reconciliation of Revenues

Under grant provisions for CARES Act – Learning Loss Mitigation (CFDA #21.019) expenditures for the program could begin March 2020; however, revenue was not apportioned until the 2020-21 fiscal year. As a result, the revenue is recognized for expenditures occurring from the start of the grant through June 30, 2021, while the schedule of expenditures of federal awards recognizes only expenditures incurred during the 2020-21 fiscal year.

The District has received a federal interest subsidy under the Build America Bonds Program through the Department of the Treasury. The Build America Bonds Program is reported consistent with the requirements of the program and is not included on the schedule of expenditures of federal awards.

The District received Personal Protective Equipment (PPE) as part of COVID-19 Pandemic Relief efforts. Consistent with the Office of Management and Budget Memo M-20-20 the donated PPE should be included in a stand-alone footnote to the schedule of expenditures of federal awards but not included on the schedule of expenditures of federal awards.

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

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 3,047,413
Less: Amounts representing federal interest subsidy	(61,681)
Less: Amounts representing learning loss mitigation funds expended in prior year	(55,653)
Less: Amounts representing donated PPE	<u>(41,511)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 2,888,568</u>

## Other Independent Auditors' Reports

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

To the Board of Education  
Alpine Union School District  
Alpine, California

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

We have audited Alpine Union 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 Alpine Union School District's major federal programs for the year ended June 30, 2021. Alpine Union 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 Alpine Union 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 Alpine Union 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 Alpine Union School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Alpine Union 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 Alpine Union 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 Alpine Union 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 Alpine Union 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

*Wilkinson Hadley King & Co LLP*

El Cajon, California  
January 31, 2022

Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education  
Alpine Union School District  
Alpine, California

We were engaged to audit, 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 Alpine Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Alpine Union School District's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report qualified the opinion over governmental activities and the cafeteria fund as a result of the District not maintaining adequate records of inventory. As a result, we were unable to determine accuracy of amounts reported for inventory in the governmental activities and cafeteria fund.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alpine Union 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpine Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpine Union 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. We did identify a deficiency in internal controls which we consider to be a significant deficiency and which is reported in the schedule of findings and questioned costs as item 2021-001.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpine Union 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*.

### Alpine Union School District's Response to Findings

Alpine Union School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Alpine Union 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.

### Purpose of this Report

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

*Wilkinson Hadley King & Co LLP*

El Cajon, California  
January 31, 2022

## Independent Auditor's Report on State Compliance

To the Board of Education  
Alpine Union School District  
Alpine, California

### Report on State Compliance

We have audited the Alpine Union School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of the school's state programs identified below for the fiscal year ended June 30, 2021.

### Management's Responsibility for State Compliance

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, section 19810. 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 State's audit guide *2020-21 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 and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school'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. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance and Distance Learning .....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
O. K-3 Grade Span Adjustment.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
<b>Charter Schools</b>	
Y. Independent Study - Course Based.....	N/A
AA. Attendance.....	N/A
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the school did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

## **Opinion on State Compliance**

In our opinion, Alpine Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations, Section 19810* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002.

## **Alpine Union School District's Response to the Finding**

Alpine Union School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Alpine Union 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.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Accordingly, this report is not suitable for any other purpose.

*Wilkinson Hadley King & Co LLP*

El Cajon, California  
January 31, 2022

## Auditor's Results, Findings & Recommendations

# Alpine Union School District

Schedule of Auditor's Results

Year Ended June 30, 2021

## FINANCIAL STATEMENTS

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

## FEDERAL AWARDS

Internal control over major programs:		
One or more material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes	_____ <u>X</u> No
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Compliance supplement utilized for single audit	<u>July 2021 with December 2021 Addendum</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	CARES Act/ESSER
21.019	Coronavirus Relief Fund - Learning Loss Mitigation

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

## STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with <i>2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?</i>	_____ <u>X</u> Yes _____ No
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>

# Alpine Union School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

### A. Financial Statement Findings

Finding Number: 2021-001  
Repeat Finding: No  
Program Name: Deposits  
Type of Finding: Internal Control – Significant Deficiency (30000)

#### Criteria or Specific Requirement

As a part of the internal control process, the District shall implement internal controls over deposits that include timely deposits.

#### Condition

In our review of deposits, we noted eight out of twenty-three tested were deposited greater than one month after receipt of the funds.

#### Cause

Although the District has a safe and policy requiring all collections of cash and checks be stored in the safe along with policies requiring regular deposits of receipts, the individual responsible for deposits for the first half of the school year was leaving deposits in her desk and not taking them to the bank timely. The District did not have sufficient oversight procedures to identify the overriding of established internal controls.

# Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

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## Effect

If a misstatement were to occur in deposits whether due to error or fraud, the District may not detect and correct the error in a timely manner. Additionally, without oversight over deposits the District is exposed to risk of misappropriation of collections.

## Recommendation

Establish an oversight process over deposits to ensure that they are appropriately stored in the District safe and deposited timely.

## Views of Responsible Officials

See Corrective Action Plan

### **B. Federal Award Findings**

None

### **C. State Award Findings**

Finding Number: 2021-002  
Repeat Finding: No  
Program Name: Attendance and Distance Learning  
Questioned Costs: \$5,562  
Type of Finding: State Compliance - Attendance (10000)

## Criteria or Specific Requirement

Education Code Section 43504(e) requires the District to complete a weekly engagement record that documents synchronous or asynchronous instruction for each whole or partial day of distance learning verifying daily participation and tracking assignments. Education Code Section 43504(d) requires the District to document daily participation for each student on each school day for which distance learning was provided.

## Condition

In our review of the District's distance learning documentation for the 180 students selected for testing, record keeping for 26 of the students were not in compliance, resulting in a total of 16 days of noncompliance for grade 6 and 94 days of noncompliance for grades 7-8.

## Cause

The District had some teachers at Joan Macqueen Middle School that did not complete the required record keeping for all of their students during distance learning.

## Effect

The District is out of compliance with Education Code Section 43504(d) and Education Code Section 43504(e). The estimated penalty was computed pursuant to Education Code Section 43504(i)(2), via the penalty calculator provided by the California Department of Education. The estimated penalty is \$789 for grade 6 and \$4,773 for grades 7-8 for a total penalty of \$5,562.



## **Alpine Union School District**

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

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### Context

The required record keeping for students during distance learning assists the District in monitoring the engagement level and attendance of their students.

### Recommendation

Establish procedures to ensure proper record keeping for students during distance learning as required by Education Code Section 43504(d) and Education Code Section 43504(e).

### Views of Responsible Officials

See Corrective Action Plan

**Superintendent**  
Dr. Richard Newman

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

**Chief Business Officer**  
William Pickering II

## Alpine Union School District



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

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January 29, 2022

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

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

Sincerely,

A handwritten signature in blue ink that reads 'W Pickering II'.

William Pickering II  
Chief Business Official

## **Alpine Union School District**

### **Corrective Action Plan**

Year Ended June 30, 2021

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#### **Financial Statement Findings**

Finding Number: 2021-001  
Program Name: Deposits  
Contact Person: William Pickering  
Anticipated Completion Date: January 31, 2021

Planned Corrective Action: It became apparent very quickly that the single person who was handling purchasing, accounts payable, accounts receivable, bus passes, accruals, and deposits was overwhelmed and unable to accomplish all the tasks in a timely manner. For example, at the beginning of the year deposits were not made within the first six months. Once identified, this issue was brought to cabinet where numerous possible solutions were discussed. Cabinet decided that the best long-term solution was to add an additional position who would take on approximately half of the work load. After the approval by the Board of Trustees, the position was filled in January of 2021. The new person reconciles and clears all deposits weekly.

Finding Number: 2021-002  
Program Name: Attendance and Distance Learning  
Contact Person: Dr. Richard Newman  
Anticipated Completion Date: December 31, 2021

Planned Corrective Action: Early in the 2020-21 school the State required Districts to complete a weekly engagement record that documents synchronous or asynchronous instruction for each whole or partial day of distance learning verifying daily participation and tracking assignments. After which, the District implemented a simplified version that worked well at the elementary schools. Unfortunately at Joan MacQueen Middle School, the administration did not monitor if the weekly signed participation was submitted by every teachers every week, thus the finding. The new administration has reassigned staff and the new office staff has been directed to verify weekly attendance submittals. In addition, the new administration has brought on an additional hourly worker to help reduce the workload on Fridays to allow the staff to monitor weekly attendance submittals and independent study.

**Alpine Union School District**  
Schedule of Prior Year Audit Findings  
Year Ended June 30, 2021

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Finding/Recommendation	Status	Explanation if Not Implemented
<b>Finding 2020-001</b> <b>Inventory</b>		
<p>In our review of inventory records, we noted that the District did not have a process in place to track additions or deletions from inventory records contemporaneously. Additionally, the District did not do an inventory count at year end or have a record of year end inventory that agreed with the financial statements. Amounts recorded in the inventory account remained the same as the prior year.</p>		
<p>We recommended the District implement inventory control procedures including contemporaneous tracking, inventory counts, and proper recording of changes in the accounting records.</p>	Implemented	