



# Alpine Union School District

County of San Diego  
Alpine, California

Audit Report

June 30, 2020



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Alpine Union School District

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June 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Cafeteria Fund	Qualified
Bond Interest & Redemption Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Qualified Opinions on Governmental Activities and Cafeteria Fund**

Management did not have a system in place to track inventory additions and deletions contemporaneously. Additionally, an inventory count was not performed at year end and there was no record of inventory that tied to the financial statements. We were unable to obtain sufficient information as to determine accuracy of information included in these financial statements for inventory. The effect on the financial statements cannot be reasonably determined. Accordingly we do not express an opinion on it.

### **Qualified Opinions**

In our opinion, except for the effect on the financial statements of the matter discussed in the “Basis for Qualified Opinions on Governmental Activities and Cafeteria Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the cafeteria fund of Alpine Union School District as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the bond interest and redemption fund, and the aggregate remaining fund information of the Alpine Union School District as of June 30, 2020, 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 *2019-20 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 March 31, 2021, 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  
March 31, 2021

**ALPINE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

This section of Alpine Union 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, 2020. 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 \$1.3 million pay-down of outstanding GO bond debt and a negotiated change with the employee associations that save \$1.5 million in future retiree medical benefits liabilities. The remaining change in this area consists of the continued pay-down of debt and a decrease in STRS and PERS pension liabilities. Current assets increased because of a \$1.7 million accounts receivable for the deferred June principal apportionment. The decrease in capital assets was due to annual depreciation. The changes in the deferred outflows and inflows were due to the future amortization of STRS and PERS pension.

### 2019-20 NET POSITION

(In Millions of Dollars)

	Governmental		2019-20	
	Activities		Over/(Under)	
	2019-20	2018-19	2018-19	% Change
<b>Assets</b>				
Current and Other Assets	\$ 7.71	\$ 6.47	\$ 1.24	19.2%
Capital Assets	14.54	15.26	(0.72)	-4.7%
<b>Total Assets</b>	<b>\$ 22.25</b>	<b>\$ 21.73</b>	<b>\$ 0.52</b>	<b>2.4%</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 3.42</b>	<b>\$ 4.46</b>	<b>\$ (1.04)</b>	<b>-23.3%</b>
<b>Liabilities</b>				
Current Liabilities	\$ 1.25	\$ 0.81	\$ 0.44	54.3%
Long Term Liabilities	33.09	37.25	(4.16)	-11.2%
<b>Total Liabilities</b>	<b>\$ 34.34</b>	<b>\$ 38.06</b>	<b>\$ (3.72)</b>	<b>-9.8%</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 3.73</b>	<b>\$ 2.63</b>	<b>\$ 1.10</b>	<b>41.8%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 0.12	\$ (0.86)	\$ 0.98	-114.0%
Restricted	3.16	3.35	(0.19)	-5.7%
Unrestricted	(15.67)	(16.99)	1.32	-7.8%
<b>Total Net Position</b>	<b>\$ (12.39)</b>	<b>\$ (14.50)</b>	<b>\$ 2.11</b>	<b>-14.6%</b>



**Governmental activities**

The key elements of the District's net position for the year ended June 30, 2020 are as follows:

<b>2019-20 Activities</b>					
<i>(In Millions of Dollars)</i>					
<b>Governmental</b>					
<b>Activities</b>					
			<b>2019-20</b>		
			<b>Over/(Under)</b>		
<b>Revenues</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2018-19</b>	<b>% Change</b>	
General Revenues	\$ 17.80	\$ 17.80	\$ -	0.0%	
Program Revenues	2.47	2.03	0.44	21.7%	
<b>Total Revenues</b>	<b>\$ 20.27</b>	<b>\$ 19.83</b>	<b>\$ 0.44</b>	<b>2.2%</b>	
<b>Expenses</b>					
Instructional & Pupil Services	\$ 13.64	\$ 14.17	\$ (0.53)	-3.7%	
Operations & Administration	4.05	3.98	0.07	1.8%	
<b>Total Expenses</b>	<b>\$ 17.69</b>	<b>\$ 18.15</b>	<b>\$ (0.46)</b>	<b>-2.5%</b>	
Change in Net Position	\$ 2.58	\$ 1.68	\$ 0.90	53.6%	
Net Position Beginning	(16.20)	(16.20)	-	0.0%	
<b>Net Position Ending</b>	<b>\$ (13.62)</b>	<b>\$ (14.52)</b>	<b>\$ 0.90</b>	<b>-6.2%</b>	

Like most school districts in the State of California, the District's main cost drivers are the step and column increase in employees' salary and the increase to health insurance benefits. Despite these cost pressures, the District was able to reduce expenditures while revenues increased resulting in a budget surplus.

**Capital Assets and Depreciation**

The District's capital assets and depreciation changes for the fiscal years ending June 30, 2020 and June 30, 2019 are as follows, the decrease in equipment is from the disposal of several old buses.

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>Total Change</u>
Land	\$ 2,137,026	\$ 2,137,026	\$ -
Improvement of Sites	8,147,658	8,284,985	137,327
Buildings	24,453,641	24,453,641	-
Equipment	1,470,284	1,282,228	(188,056)
Work in Progress	0	123,444	123,444
Accumulated Depreciation	(20,887,148)	(21,720,594)	(833,446)
<b>Total Capital Assets, Net</b>	<b>\$ 15,321,462</b>	<b>\$ 14,560,730</b>	<b>\$ (760,731)</b>

**Long-Term Liabilities**

The District's long-term liabilities changes for the fiscal years ending June 30, 2020 and June 30, 2019 are as follows, for the explanation of changes see the section title Net Position above.

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>Total Change</u>
General Obligation Bonds	\$ 13,292,218	\$ 12,006,689	\$ (1,285,529)
Certificates of Participation	2,579,195	2,263,046	(316,149)
Capital Leases	251,376	158,871	(92,505)
Retirement Incentive	221,150	110,575	(110,575)
Net Pension	16,307,645	15,474,300	(833,345)
Net OPEB Obligation	4,486,300	2,937,074	(1,549,226)
Compensated Absences	116,969	139,322	22,353
<b>Total Long Term Liabilities</b>	<b>\$ 37,254,853</b>	<b>\$ 33,089,877</b>	<b>\$ (4,164,976)</b>

## FACTORS IMPACTING THE DISTRICT'S FINANCIAL FUTURE

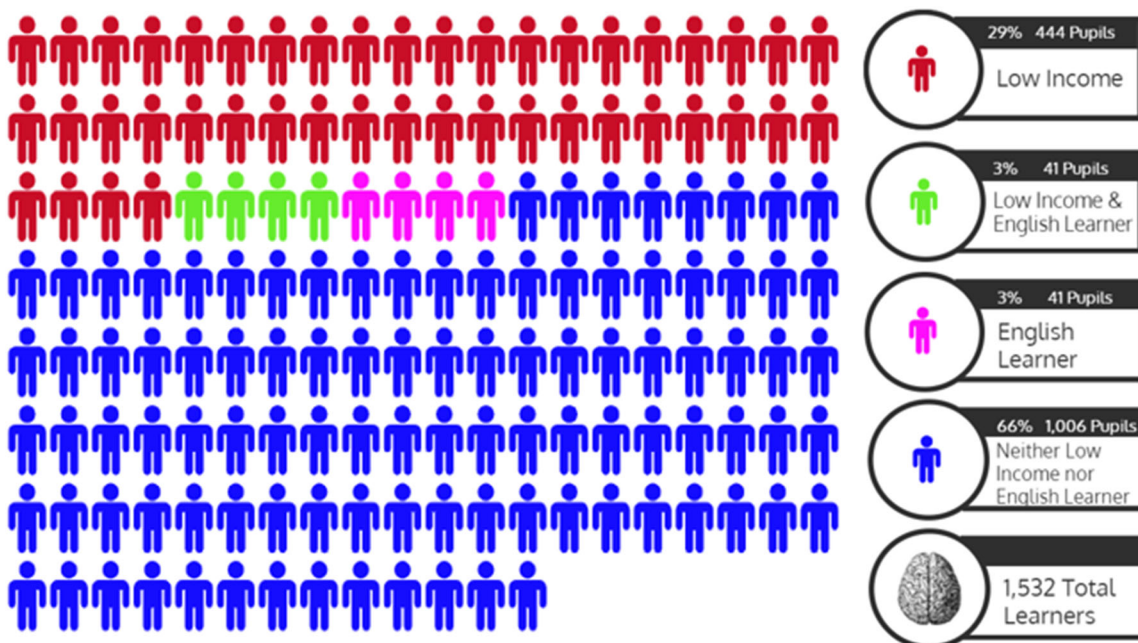
The State's 2020/21 education budget did not include a cost-of-living-adjustment (COLA) but did allow the District to be held-harmless for the enrollment decrease of 103 students attributable to the pandemic. This allows the District to use its 2019/20 enrollment for 2020/21 and 2021/22, unless 2021/22 is higher.

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 2.65% annually. The District's STRS cost dropped in 2020/21 due to the State's budget action to fund a portion of the annual STRS payment on behalf of the Districts. Unfortunately, STRS will jump in 2022/23 when the State's funding for this is scheduled to end. Health care cost have increased a relatively modest 4.5% annual.

In stark contrast to the State's effort to fund general education in the 2020/21 budget, the State and Federal governments have not attempted to fund the requirements imposed on districts for the special education program. Together, the State and Federal governments provide approximately 40% of the revenue to operate the special education program according to their requirements. The District did 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 which translated into an 11.2% increase for Alpine USD.

### Student Demographics

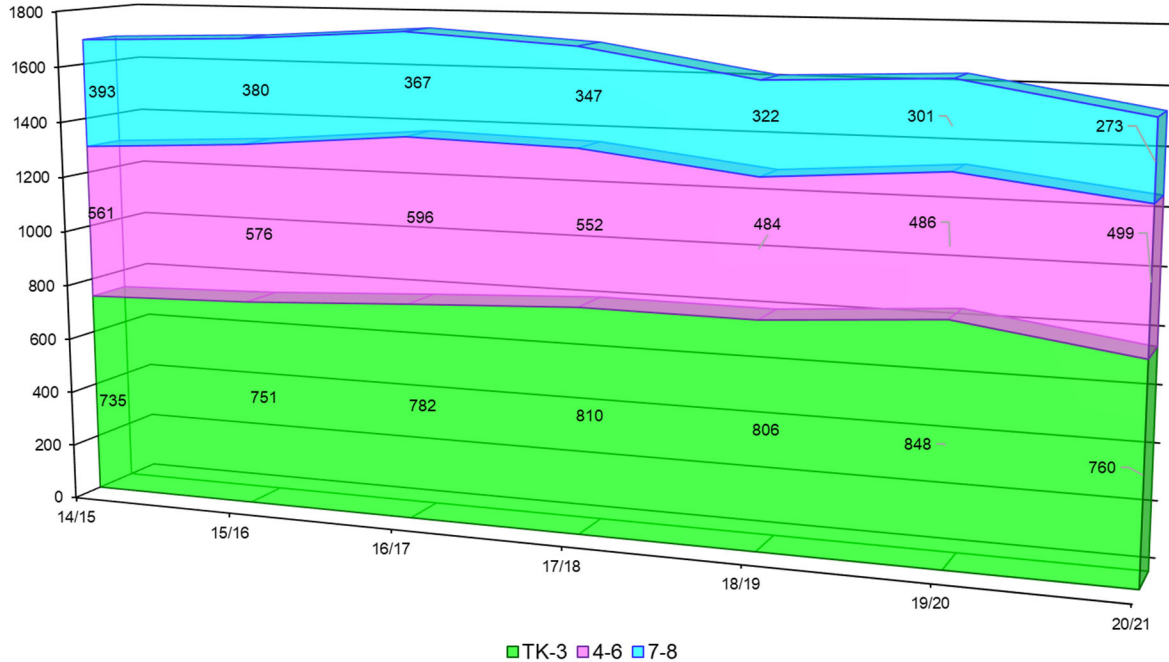
The LCFF funding formula is heavily influenced by the demographics of a district's student population. The unduplicated count of students who qualify for the free or reduced lunch program or are classified as English learners will generate Supplement Grant funding and possibly Concentration Grant funds. The District 2020/21 population includes 34.3% of these qualifying students, who in turn generate the Supplemental Grant of slightly more than \$876,000 but no Concentration Grant. The chart below depicts the 2020/21 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 in the column to the far right of the table. As for 2020/21, the District has experienced a decline of 103 or 6% in enrollment, which is comparable to the neighbor school districts.

Grade	14/15	15/16	Change	16/17	Change	17/18	Change	18/19	Change	19/20	Change	20/21	Change	6 Year Change
TK & K	194	227	33	260	33	255	-5	242	-13	264	22	185	-79	-9
1	172	172	0	169	-3	186	17	199	13	188	-11	206	18	34
2	178	169	-9	178	9	189	11	197	8	200	3	175	-25	-3
3	191	183	-8	175	-8	180	5	168	-12	196	28	194	-2	3
4	207	198	-9	185	-13	172	-13	180	8	171	-9	192	21	-15
5	163	207	44	203	-4	191	-12	167	-24	178	11	158	-20	-5
6	191	171	-20	208	37	189	-19	137	-52	137	0	149	12	-42
7	183	195	12	162	-33	185	23	161	-24	140	-21	136	-4	-47
8	210	185	-25	205	20	162	-43	161	-1	161	0	137	-24	-73
Totals	1689	1707	18	1745	38	1709	-36	1612	-97	1635	23	1532	-103	-157
		% Change	1.1%		2.2%		-2.1%		-5.7%		1.4%		-6.3%	-9.3%



### Enrollment - Future

Another factor that will affect the District's enrollment is new residential housing development. The District has an average of 22 new residential single-family homes built each year with an average square footage of 2,241.

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 (34.3%) 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 \$9,071 per ADA. To put this in perspective, the statewide mean \$/ADA earn by all districts is \$11,431 per ADA and the median being \$10,632 with the range being spanning from \$8,227 to \$55,737 per ADA.

	2018/19	2019/20	Change	2020/21	Increase	2021/22	Increase
Total LCFF	\$ 14.2	\$ 14.1	\$ (0.0) -0.3%	\$ 14.2	\$ 0.0 0.3%	\$ 14.8	\$ 0.6 3.9%
LCFF/ADA	\$ 8,704	\$ 9,045	\$ 341 3.9%	\$ 9,071	\$ 26 0.3%	\$ 9,429	\$ 358 3.9%

<sup>1</sup> In millions

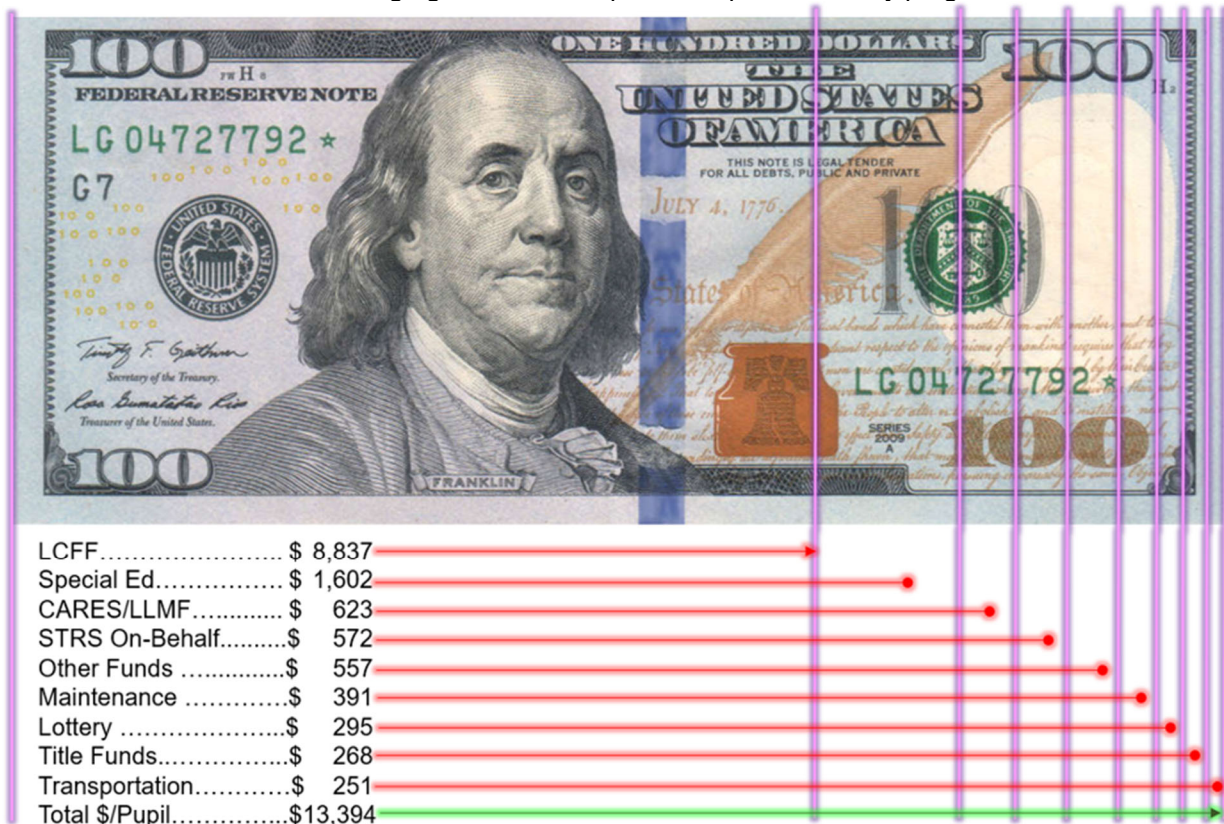
The District is projecting an unrestricted ending balance of \$2.4 million in 2020/21, which is 11.5%. The District is confident that it will maintain, at a minimum, a reserve of 8% per Board direction.

**Expenditures**

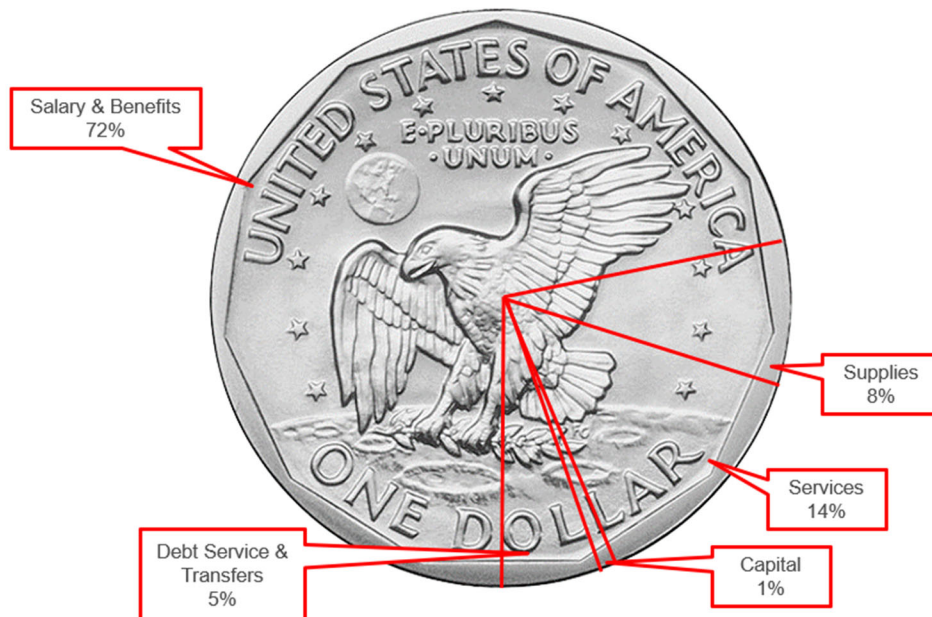
Like many districts in the State, the District’s facilities are aging and require substantial investment in maintenance to extend the utility of the structures beyond their expected life. As such, the District transferred \$600,000, approximately 3%, to a special reserve fund for capital projects. While 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 \$19.9 million 2020/21 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, 2020

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 5,051,407
Accounts Receivable	2,547,140
Inventory	4,923
Prepaid Expenses	110,575
Capital Assets:	
Land	2,137,026
Land Improvements	8,284,985
Buildings & Improvements	24,453,641
Equipment	1,282,228
Work in Progress	123,444
Less Accumulated Depreciation	<u>(21,737,639)</u>
Total Assets	<u>22,257,730</u>
<b>Deferred Outflows of Resources</b>	<u>3,422,246</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	1,176,531
Unearned Revenue	76,426
Long-Term Liabilities:	
Due Within One Year	2,771,782
Due In More Than One Year	<u>30,318,095</u>
Total Liabilities	<u>34,342,834</u>
<b>Deferred Inflows of Resources</b>	<u>3,733,531</u>
<b>Net Position</b>	
Net Investment in Capital Assets	115,080
Restricted For:	
Capital Projects	132,371
Debt Service	2,360,445
Educational Programs	415,962
Other Purposes (Expendable)	136,253
Other Purposes (Nonexpendable)	117,998
Unrestricted	<u>(15,674,498)</u>
Total Net Position	<u><u>\$ (12,396,389)</u></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, 2020

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 10,237,829	\$ 96,817	\$ 1,257,064	\$ -	\$ (8,883,948)
Instruction-Related Services:					
Instructional Supervision and Administration	138,658	-	89,548	-	(49,110)
Instructional Library, Media and Technology	123,345	-	-	-	(123,345)
School Site Administration	1,101,080	-	37,604	-	(1,063,476)
Pupil Services:					
Home-to-School Transportation	517,326	-	14,921	-	(502,405)
Food Services	502,347	131,625	373,422	-	2,700
All Other Pupil Services	1,024,440	2,166	446,815	-	(575,459)
General Administration:					
Centralized Data Processing	61,099	-	-	-	(61,099)
All Other General Administration	1,205,194	-	14,806	-	(1,190,388)
Plant Services	1,628,193	-	-	-	(1,628,193)
Community Services	265,828	-	-	-	(265,828)
Interest on Long-Term Debt	850,479	-	-	-	(850,479)
Debt Issuance Costs	34,340	-	-	-	(34,340)
Total Governmental Activities	<u>\$ 17,690,158</u>	<u>\$ 230,608</u>	<u>\$ 2,234,180</u>	<u>\$ -</u>	<u>(15,225,370)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
					\$ 5,505,103
					2,092,166
					(137)
					9,220,697
					115,132
					<u>400,181</u>
					<u>17,333,142</u>
Change in Net Position					
					2,107,772
Net Position - Beginning of Year					
					<u>(14,504,161)</u>
Net Position - Ending					
					<u>\$ (12,396,389)</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, 2020

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash in County Treasury	\$ 2,341,891	\$ 119,754	\$ 2,360,445	\$ 131,943	\$ 4,954,033
Cash on Hand and in Banks	94,103	768	-	-	94,871
Cash in Revolving Fund	2,500	-	-	-	2,500
Cash with Fiscal Agent/Trustee	3	-	-	-	3
Accounts Receivable	2,468,301	78,411	-	428	2,547,140
Due from Other Funds	158,817	-	-	-	158,817
Stores Inventories	-	4,923	-	-	4,923
Prepaid Expenditures	110,575	-	-	-	110,575
<b>Total Assets</b>	<u>\$ 5,176,190</u>	<u>\$ 203,856</u>	<u>\$ 2,360,445</u>	<u>\$ 132,371</u>	<u>\$ 7,872,862</u>
<b>Liabilities and Fund Balance:</b>					
Liabilities:					
Accounts Payable	\$ 1,134,049	\$ 10,496	\$ -	\$ -	\$ 1,144,545
Due to Other Funds	-	158,817	-	-	158,817
Unearned Revenue	76,426	-	-	-	76,426
Total Liabilities	<u>1,210,475</u>	<u>169,313</u>	<u>-</u>	<u>-</u>	<u>1,379,788</u>
Fund Balance:					
Nonspendable	113,075	4,923	-	-	117,998
Restricted	522,595	29,620	2,360,445	132,371	3,045,031
Unassigned	3,330,045	-	-	-	3,330,045
Total Fund Balance	<u>3,965,715</u>	<u>34,543</u>	<u>2,360,445</u>	<u>132,371</u>	<u>6,493,074</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,176,190</u>	<u>\$ 203,856</u>	<u>\$ 2,360,445</u>	<u>\$ 132,371</u>	<u>\$ 7,872,862</u>

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

# Alpine Union School District

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2020

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**Total fund balances, governmental funds:** \$ 6,493,074

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	36,281,324	
Accumulated depreciation	<u>(21,737,639)</u>	
	Net	14,543,685

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period (31,986)

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	12,006,689	
Capital leases payable	158,871	
Certificates of participation payable	2,263,046	
Retirement incentive payable	110,575	
Net pension liability	15,474,300	
Total OPEB liability	2,937,074	
Compensated absences	<u>139,322</u>	
	Total	(33,089,877)

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, 2020

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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	3,366,786	
Deferred inflows of resources relating to pensions	<u>(2,362,421)</u>	
Net		1,004,365

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	55,460	
Deferred inflows of resources relating to OPEB	<u>(1,371,110)</u>	
Net		<u>(1,315,650)</u>

**Total net position, governmental activities:** \$ (12,396,389)

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, 2020

	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
State Apportionment	\$ 7,425,641	\$ -	\$ -	\$ -	\$ 7,425,641
Education Protection Account Funds	1,273,105	-	-	-	1,273,105
Property Taxes	5,505,103	-	2,073,911	-	7,579,014
Federal Revenue	656,354	356,793	-	-	1,013,147
Other State Revenue	1,479,381	24,858	18,118	-	1,522,357
Interest Income	115,132	1,335	36,412	3,014	155,893
Other Local Revenue	1,247,553	138,979	175	98,983	1,485,690
Total Revenues	<u>\$ 17,702,269</u>	<u>\$ 521,965</u>	<u>\$ 2,128,616</u>	<u>\$ 101,997</u>	<u>\$ 20,454,847</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	10,059,355	-	-	-	10,059,355
Instruction - Related Services	1,326,659	-	-	-	1,326,659
Pupil Services	1,572,402	501,875	-	-	2,074,277
Community Services	282,135	-	-	-	282,135
General Administration	1,372,543	-	-	-	1,372,543
Plant Services	1,684,776	-	-	-	1,684,776
Debt Issuance Costs	34,339	-	-	-	34,339
Capital Outlay	189,345	-	-	83,370	272,715
Debt Service:					
Principal	412,505	-	602,931	-	1,015,436
Interest	122,687	-	1,410,069	-	1,532,756
Total Expenditures	<u>17,056,746</u>	<u>501,875</u>	<u>2,013,000</u>	<u>83,370</u>	<u>19,654,991</u>
Net Change in Fund Balance	645,523	20,090	115,616	18,627	799,856
Fund Balance, Beginning of Year	3,320,192	14,453	2,244,829	113,744	5,693,218
Fund Balance, End of Year	<u>\$ 3,965,715</u>	<u>\$ 34,543</u>	<u>\$ 2,360,445</u>	<u>\$ 132,371</u>	<u>\$ 6,493,074</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, 2020

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**Total change in fund balances, governmental funds:** \$ 799,856

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	272,715	
Depreciation expense	<u>(1,050,491)</u>	
	Net	(777,776)

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: 1,015,436

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: 736,333

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

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: (22,353)

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, 2020

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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: 64,799

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: 174,961

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:** \$ 2,107,772

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

# Alpine Union School District

## Statement of Net Position – Fiduciary Funds

June 30, 2020

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	<u>Agency Fund</u> <u>Student Body</u> <u>Fund</u>
<b>Assets</b>	
Cash in Bank	\$ 11,337
Total Assets	<u>\$ 11,337</u>
<b>Liabilities</b>	
Due to Student Groups	\$ 11,337
Total Liabilities	<u>11,337</u>
<b>Net Position</b>	<u>\$ -</u>

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, 2020

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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, 2020

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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.

**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*).

**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:

**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*).

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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**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*).

## *Fiduciary Funds*

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following agency fund:

**Student Body Fund:** The student body fund is an agency fund, and therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code §48930 through §48938*).

## 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.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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

## 5. Encumbrances

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

## 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, 2020

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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, 2020

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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:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
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, 2020

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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, 2020

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

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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, 2020

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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.

## 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, 2020. Those newly implemented pronouncements are as follows:

### *GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update – 2018
- Implementation Guide No. 2019-1, Implementation Guidance Update – 2019
- Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies.

## 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, 2020

### C. Fair Value Measurements

The District's investments at June 30, 2020, 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	\$ 4,954,033	\$ -	\$ 4,954,033	\$ -
Total investments by fair value level	<u>\$ 4,954,033</u>	<u>\$ -</u>	<u>\$ 4,954,033</u>	<u>\$ -</u>
Total investments by fair value level				
Money Market Funds	\$ 3	\$ -	\$ 3	\$ -
Total investments by fair value level	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

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

#### 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 (\$4,954,033 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$4,954,033. 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, 2020

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

Cash balances on hand and in banks (\$106,208 as of June 30, 2020) and in revolving fund (\$2,500 as of June 30, 2020) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All amounts are fully insured as of June 30, 2020.

## 3. Cash with Fiscal Agent

Cash with fiscal agent (\$3 as of June 30, 2020) represents cash held in money market funds. The cash with fiscal agent are held in highly liquid cash accounts with original maturities less than ninety days.

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

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 5. Analysis of Specific Deposit and Investment Risks

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

### a. Credit Risk

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

At June 30, 2020, 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	\$ 4,954,033
Money Market Funds	Unrated	Not Applicable	3

### 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, 2020, 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, 2020

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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 \$4,954,033. The average weighted maturity for this pool was 516 days at June 30, 2020.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Cafeteria Fund		
Federal Government:				
Special Education	\$ 450,288	\$ -	\$ -	\$ 450,288
Indian Education	41,938	-	-	41,938
Title IV	15,930	-	-	15,930
Build America Bonds	63,777	-	-	63,777
E-Rate	15,675	-	-	15,675
Child Nutrition	-	71,929	-	71,929
State Government:				
Lottery	81,201	-	-	81,201
Special Education	16,363	-	-	16,363
LCFF State Aid	1,684,450	-	-	1,684,450
Child Nutrition	-	6,170	-	6,170
Local Sources				
Interest	8,034	312	428	8,774
Special Education	90,645	-	-	90,645
Total Accounts Receivable	<u>\$ 2,468,301</u>	<u>\$ 78,411</u>	<u>\$ 428</u>	<u>\$ 2,547,140</u>

## F. Prepaid Expenses

Prepaid expenses at June 30, 2020 consisted of:

	General Fund
Prepaid service agreement	<u>\$ 110,575</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## G. Capital Assets

Capital asset activity for the year ended June 30, 2020, 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	-	123,444
Total capital assets not being depreciated	2,137,026	123,444	-	2,260,470
Capital assets being depreciated:				
Land improvements	8,147,658	137,327	-	8,284,985
Buildings and improvements	24,453,641	-	-	24,453,641
Equipment	1,470,284	11,944	200,000	1,282,228
Total capital assets being depreciated	34,071,583	149,271	200,000	34,020,854
Less accumulated depreciation for:				
Land improvements	(6,722,592)	(385,886)	-	(7,108,478)
Buildings and improvements	(12,904,868)	(611,879)	-	(13,516,747)
Equipment	(1,259,688)	(52,726)	(200,000)	(1,112,414)
Total accumulated depreciation	(20,887,148)	(1,050,491)	(200,000)	(21,737,639)
Total capital assets being depreciated, net	13,184,435	(901,220)	-	12,283,215
Governmental activities capital assets, net	\$ 15,321,461	\$ (777,776)	\$ -	\$ 14,543,685

Depreciation was charged to functions as follows:

Instruction	\$ 886,504
Instruction Related	122,005
Pupil Services	35,985
General Administration	3,306
Plant Services	2,691
	\$ 1,050,491



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020, 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	\$ 158,817	Reimburse expenses
	Total	<u>\$ 158,817</u>	

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

### 2. Interfund Transfers Between Funds

The District did not have any interfund transfers between funds for the fiscal year ended June 30, 2020.

## I. Accounts Payable

Accounts payable balances as of June 30, 2020 consisted of:

	<u>Major Governmental Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Cafeteria Fund</u>	
Vendors payable	\$ 374,278	\$ 8,485	\$ 382,763
Payroll and benefits	146,896	2,011	148,907
LCFF repayment	612,875	-	612,875
Total accounts payable	<u>\$ 1,134,049</u>	<u>\$ 10,496</u>	<u>\$ 1,144,545</u>

## J. Unearned Revenue

Unearned revenue balances as of June 30, 2020 consisted of:

	<u>General Fund</u>
Title I	\$ 76,426
Total unearned revenue	<u>\$ 76,426</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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 2019 issued July 16, 2019. The notes were repaid by June 30, 2020 including interest at 4.00%. The District's share of the Tax and Revenue Anticipation Notes issued was \$725,000. The notes were issued to supplement cash flows of the district.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Revenue Anticipation Notes	\$ -	\$ 725,000	\$ 725,000	\$ -

## L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2020 consisted of:

	Major Governmental Funds				Total
	General Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Nonmajor Governmenta l Funds	
<b>Nonspendable Fund Balance</b>					
Revolving Cash	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Inventory	-	4,923	-	-	4,923
Prepaid Expenditures	110,575	-	-	-	110,575
<b>Total Nonspendable Fund Balance</b>	<u>113,075</u>	<u>4,923</u>	<u>-</u>	<u>-</u>	<u>117,998</u>
<b>Restricted Fund Balance</b>					
Capital Projects	-	-	-	132,371	132,371
Debt Service	-	-	2,360,445	-	2,360,445
Educational Programs	415,962	-	-	-	415,962
Other Purposes	106,633	29,620	-	-	136,253
<b>Total Restricted Fund Balance</b>	<u>522,595</u>	<u>29,620</u>	<u>2,360,445</u>	<u>132,371</u>	<u>3,045,031</u>
<b>Unassigned Fund Balance</b>					
For Economic Uncertainties	511,702	-	-	-	511,702
Other Unassigned	2,890,872	-	-	-	2,890,872
<b>Total Unassigned Fund Balance</b>	<u>3,402,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,402,574</u>
<b>Total Fund Balance</b>	<u>\$ 4,038,244</u>	<u>\$ 34,543</u>	<u>\$ 2,360,445</u>	<u>\$ 132,371</u>	<u>\$ 6,565,603</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 13,292,218	\$ 734,263	\$ 2,019,792	\$ 12,006,689	\$ 2,124,792
Certificates of Participation	2,579,195	-	316,149	2,263,046	301,149
Capital Leases Payable	251,376	-	92,505	158,871	95,944
Retirement Incentive	221,150	-	110,575	110,575	110,575
Net Pension Liability*	16,307,645	-	833,345	15,474,300	-
Total OPEB Liability*	4,486,300	-	1,549,226	2,937,074	-
Compensated Absences*	116,969	22,353	-	139,322	139,322
Total Governmental Activities	<u>\$ 37,254,853</u>	<u>\$ 756,616</u>	<u>\$ 4,921,592</u>	<u>\$ 33,089,877</u>	<u>\$ 2,771,782</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.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 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 - 6.50%	08/01/22	\$ 6,875,605
1997 Election, Series B	10/22/99	4.00 - 6.10%	08/01/24	4,124,286
Total GO Bonds				<u>\$ 10,999,891</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
1997 Election, Series A				
Principal	\$ 1,429,750	\$ -	\$ 342,250	\$ 1,087,500
Premium	11,534	-	2,884	8,650
Accreted Interest	3,123,811	223,089	777,750	2,569,150
1997 Election, Series B				
Principal	2,606,348	-	260,681	2,345,667
Premium	41,447	-	6,908	34,539
Accreted Interest	6,079,328	511,174	629,319	5,961,183
Total GO Bonds	<u>\$ 13,292,218</u>	<u>\$ 734,263</u>	<u>\$ 2,019,792</u>	<u>\$ 12,006,689</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

The annual requirements to amortize the bonds outstanding at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Accreted Interest	Total
2021	\$ 599,395	\$ 1,515,605	\$ 2,115,000
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	2,253,069	2,869,200
Total	<u>\$ 3,433,167</u>	<u>\$ 10,501,033</u>	<u>\$ 13,934,200</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, 2020.

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:

	<u>1997 Series A</u>	<u>1997 Series B</u>
Total Interest Payments on Bonds	\$ 8,930,341	\$ 10,472,621
Less Bond Premium	<u>(205,625)</u>	<u>(194,377)</u>
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, 2020

### 3. Certificates of Participation

Certificates of participation at June 30, 2020 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2012 Series A COPs	06/16/10	4.513 - 7.33%	04/15/27	\$ 4,470,000
Total GO Bonds				<u>\$ 4,470,000</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2012 Series A COPs				
Principal	\$ 2,610,000	\$ -	\$ 320,000	\$ 2,290,000
Discount	(30,805)	-	(3,851)	(26,954)
Total GO Bonds	<u>\$ 2,579,195</u>	<u>\$ -</u>	<u>\$ 316,149</u>	<u>\$ 2,263,046</u>

The annual requirements to amortize the COPs outstanding at June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 305,000	\$ 161,099	\$ 466,099
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
2026-2030	695,000	87,884	782,884
Total	<u>\$ 2,290,000</u>	<u>\$ 682,317</u>	<u>\$ 2,972,317</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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 premium are as follows:

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

## 4. Capital Lease

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.

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of June 30, 2020 as follows:

Year Ended	Principal	Interest	Total
<u>June 30,</u>			
2021	\$ 95,944	\$ 6,505	\$ 102,449
2022	62,927	2,927	65,854
Total	<u>\$ 158,871</u>	<u>\$ 9,432</u>	<u>\$ 168,303</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 will be made during the 2020-21 fiscal year.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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6. Net Pension Liability

The District's beginning net pension liability was \$16,307,645 and decreased by \$833,345 during the year ended June 30, 2020 for a ending net pension liability of \$15,474,300. See Note N for additional information regarding the net pension liability.

7. Total OPEB Liability

The District's beginning total OPEB liability was \$4,486,300 and decreased by \$1,549,226 during the year ended June 30, 2020 for a ending total OPEB liability of \$2,937,074. See Note O for additional information regarding the total OPEB liability.

8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 was \$139,322. This amount is included as part of long-term liabilities in the government-wide financial statements.

## 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.



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

The Plan’s provisions and benefits in effect at June 30, 2020 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 (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

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

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

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	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 (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

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

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

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), 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 17.10% of creditable compensation for the fiscal year ended June 30, 2020. 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.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 (measurement date June 30, 2019), the employee contribution rate was 7.00% and the employer contribution rate was 19.721% of covered payroll.

## 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, 2020 (measurement date June 30, 2019) 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	On Behalf Contribution	On Behalf Contribution	On Behalf Pension
June 30,	Rate	Amount	Expense
2018	8.292%	\$ 577,344	\$ 250,894
2019	16.005%	1,097,277	(210,105)
2020	10.328%	695,231	219,770

CalPERS			
Year Ended	On Behalf Contribution	On Behalf Contribution	On Behalf Pension
June 30,	Rate	Amount	Expense
2019	8.017%	\$ 152,222	\$ -

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 as a continuing settlement associated with SB90. As a result, on behalf contributions for the years ended June 30, 2019 and June 30, 2020 are not comparable to the year June 30, 2018 as presented.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

	Fund Financial Statements		
	(Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,151,089	\$ 369,829	\$ 1,520,918
Contributions - State On Behalf Payments	695,231	-	695,231
Total Contributions	<u>\$ 1,846,320</u>	<u>\$ 369,829</u>	<u>\$ 2,216,149</u>

	Government-Wide Financial Statements		
	(Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,004,671	\$ 330,747	\$ 1,335,418
Contributions - State On Behalf Payments	695,231	-	695,231
Total Contributions	<u>\$ 1,699,902</u>	<u>\$ 330,747</u>	<u>\$ 2,030,649</u>

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

As of June 30, 2020 (measured June 30, 2019) 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	\$ 11,520,008
CalPERS	<u>3,954,292</u>
Total	<u>\$ 15,474,300</u>

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension 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, 2019 and June 30, 2020 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2019	0.0131%	0.0070%	0.0201%	0.0160%
Proportion June 30, 2020	0.0128%	0.0068%	0.0196%	0.0136%
Change in Proportion	-0.0003%	-0.0002%	-0.0005%	-0.0024%

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

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (528,999)	\$ (304,346)	\$ (833,345)
State On Behalf Pension Expense	219,770	-	219,770
Employer Contributions to Pension Expense	1,151,089	369,829	1,520,918
(Increase) Decrease in Deferred Outflows of Resources	527,838	133,600	661,438
Increase (Decrease) in Deferred Inflows of Resources	(393,448)	500,556	107,108
Total Pension Expense	\$ 976,250	\$ 699,639	\$ 1,675,889

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## b. Deferred Outflows and Inflows of Resources

At June 30, 2020, 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
Pension contributions subsequent to measurement date	\$ 1,151,089	\$ 369,829	\$ 1,520,918
Differences between actual and expected experience	25,388	375,942	401,330
Changes in assumptions	1,059,843	335,347	1,395,190
Changes in employer's proportionate share	-	49,348	49,348
Total Deferred Outflows of Resources	<u>\$ 2,236,320</u>	<u>\$ 1,130,466</u>	<u>\$ 3,366,786</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (210,515)	\$ -	\$ (210,515)
Changes in employer's proportionate share	(759,771)	(566,223)	(1,325,994)
Net difference between projected and actual earnings	(781,051)	(44,861)	(825,912)
Total Deferred Inflows of Resources	<u>\$ (1,751,337)</u>	<u>\$ (611,084)</u>	<u>\$ (2,362,421)</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, 2020. 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,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2021	\$ 1,687,358	\$ 681,908	\$ (765,784)	\$ (109,629)	1,493,853
2022	536,268	286,712	(652,409)	(240,715)	(70,144)
2023	6,347	123,889	(210,259)	(142,940)	(222,963)
2024	6,347	37,957	(80,856)	(117,800)	(154,352)
2025	-	-	(42,029)	-	(42,029)
Total	<u>\$ 2,236,320</u>	<u>\$ 1,130,466</u>	<u>\$ (1,751,337)</u>	<u>\$ (611,084)</u>	<u>\$ 1,004,365</u>

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
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 for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.
- (2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) tables issued by the Society of Actuaries.
- (3) Wage growth is a component of inflation for CalPERS assumptions.
- (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.

d. Discount Rate

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

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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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. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM with an initial expected completion date of November 2019. 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, 2020

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.

### CalSTRS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

### CalPERS

<u>Asset Class*</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10**</u>	<u>Real Return Years 11+***</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%

\*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.

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

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



# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 17,172,439	\$ 6,200,373
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 11,520,008	\$ 3,954,292
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 7,204,408	\$ 2,647,691

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

### 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, 2019</b>					
(Previously Reported)	\$ 65,395,535	\$ 46,422,257	\$ 18,973,278	\$ 6,924,271	\$ 12,049,007
<b>Changes for the year:</b>					
CalSTRS Auditor Adjustment	-	(356)	356	124	232
Change in prop. share	(1,555,377)	(1,104,114)	(451,263)	(124,994)	(326,269)
Service cost	1,381,228	-	1,381,228	481,363	899,865
Interest	4,396,827	-	4,396,827	1,532,309	2,864,518
Difference between expected and actual experience	(361,606)	-	(361,606)	(126,021)	(235,585)
Change in benefits	6,265	-	6,265	2,183	4,082
Contributions:					
Employer	-	1,105,075	(1,105,075)	(385,122)	(719,953)
Employee	-	714,205	(714,205)	(248,903)	(465,302)
State On Behalf	-	1,044,459	(1,044,459)	(363,998)	(680,461)
Net investment income	-	2,916,698	(2,916,698)	(1,016,479)	(1,900,219)
Other income	-	24,982	(24,982)	(8,706)	(16,276)
Benefit payments, including refunds of employee contributions	(2,994,647)	(2,994,647)	-	-	-
Administrative expenses	-	(49,719)	49,719	17,327	32,392
Borrowing costs	-	(20,617)	20,617	7,185	13,432
Other expenses	-	(837)	837	292	545
Net changes	<u>872,690</u>	<u>1,635,129</u>	<u>(762,439)</u>	<u>(233,440)</u>	<u>(528,999)</u>
<b>Balance at June 30, 2020</b>	<u>\$ 66,268,225</u>	<u>\$ 48,057,386</u>	<u>\$ 18,210,839</u>	<u>\$ 6,690,831</u>	<u>\$ 11,520,008</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2019</b>			
(Previously Reported)	\$ 14,607,877	\$ 10,349,239	\$ 4,258,638
<b>Changes for the year:</b>			
Change in prop. share	(2,198,681)	(1,557,699)	(640,982)
Service cost	302,132	-	302,132
Interest	890,541	-	890,541
Difference between expected and actual experience	189,789	-	189,789
Change in assumptions	-	-	-
Contributions:			
Employer	-	342,962	(342,962)
Employee	-	137,589	(137,589)
Plan to plan res. movement	-	41	(41)
Net investment income	-	571,476	(571,476)
Benefit payments, including refunds of employee contributions	(589,859)	(589,859)	-
Administrative expenses	-	(6,263)	6,263
Other expenses	-	21	(21)
Net changes	(1,406,078)	(1,101,732)	(304,346)
<b>Balance at June 30, 2020</b>	<b>\$ 13,201,799</b>	<b>\$ 9,247,507</b>	<b>\$ 3,954,292</b>

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.

## 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.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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## 2. Benefits Provided

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

### *Classified Employees*

The District provides retiree medical including prescription drug benefits to eligible retirees for a maximum period of 10 years to attainment of age 65, if earlier. Eligibility for retiree health benefits requires retirement under PERS (on or after age 50) with at least 15 years of District eligible service. The District's contribution is 100% of the premium for a retiree only coverage regardless of the medical plan elected by the retiree. The District does not provide any retiree health benefits for coverage beyond age 65.

### *Certificated Employees*

The District provides retiree medical including prescription drug benefits to eligible retirees for a maximum period of 10 years or to attainment of age 65, if earlier. Eligibility for retiree health benefits requires retirement under STRS (on or after age 55) with at least 15 years of District eligible service (prior to April 10, 2019 the service requirement was 10 years of District eligible service). The District's contribution is 100% of the premium for a retiree only coverage regardless of the medical plan elected by the retiree. The District does not provide any retiree health benefits for coverage beyond age 65.

### *Management and Confidential Employees*

The District provides retiree medical including prescription drug benefits to eligible retirees for a maximum period of 15 years or to attainment of age 65, if earlier. Eligibility for retiree health benefits requires retirement under STRS/PERS with at least 10 years of District eligible service. The District's contribution is 100% of the premium for a retiree only coverage regardless of the medical plan elected by the retiree. The District does not provide any retiree health benefits for coverage beyond age 65.

## 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, 2020

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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, 2020 for fiscal year June 30, 2020:

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 \$2,937,074 was measured as of June 30, 2020 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	2.20%
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, 2020

## 7. Changes in Total OPEB Liability

Total OPEB Liability		
Service cost	\$	278,684
Interest		139,837
Experience (Gains)/Losses		(791,742)
Changes of assumptions		(775,343)
Benefit payments, including refunds of member contributions		(372,724)
Other		(27,938)
Net change in Total OPEB Liability		(1,549,226)
Total OPEB Liability - Beginning		4,486,300
Total OPEB Liability - Ending	\$	<u>2,937,074</u>

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

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

	1% Decrease <u>(1.20%)</u>	Valuation Discount Rate <u>(2.20%)</u>	1% Increase <u>(3.20%)</u>
Total OPEB Liability	\$ 4,756,111	\$ 4,486,300	\$ 4,233,507

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

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

	1% Decrease <u>(3.00%)</u>	Valuation Discount Rate <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Total OPEB Liability	\$ 4,088,533	\$ 4,486,300	\$ 4,942,087

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$197,763. At June 30, 2020 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (687,565)
Changes of assumptions and other inputs	<u>55,460</u>	<u>(683,545)</u>
Total	<u>\$ 55,460</u>	<u>\$ (1,371,110)</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>
2021	\$ 18,487	\$ (211,307)	\$ (192,820)
2022	18,487	(211,306)	\$ (192,819)
2023	18,486	(206,196)	\$ (187,710)
2024	-	(206,196)	\$ (206,196)
2025	-	(206,196)	\$ (206,196)
Thereafter	<u>-</u>	<u>(329,909)</u>	<u>\$ (329,909)</u>
Total	<u>\$ 55,460</u>	<u>\$ (1,371,110)</u>	<u>\$ (1,315,650)</u>

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

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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, 2020

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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, 2020.

### 3. Construction Commitments

As of June 30, 2020, the District did not have any commitments with respect to construction projects.

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## S. Deferred Outflows of Resources

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

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

A summary of the deferred outflows of resources as of June 30, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related	\$ 4,028,224	\$ 1,710,707	\$ 2,372,145	\$ 3,366,786
OPEB related	73,947	-	18,487	55,460
Total Deferred Outflows of Resources	<u>\$ 4,102,171</u>	<u>\$ 1,710,707</u>	<u>\$ 2,390,632</u>	<u>\$ 3,422,246</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2021	\$ 2,369,266	\$ 18,487	\$ 2,387,753
2022	822,980	18,487	841,467
2023	130,236	18,486	148,722
2024	44,304	-	44,304
Total	<u>\$ 3,366,786</u>	<u>\$ 55,460</u>	<u>\$ 3,422,246</u>

# Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

## T. Deferred Inflows of Resources

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

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

A summary of the deferred outflows of resources as of June 30, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related	\$ 2,255,313	\$ 1,018,724	\$ 911,616	\$ 2,362,421
OPEB related	15,332	1,567,085	211,307	1,371,110
Total Deferred Inflows of Resources	<u>\$ 2,270,645</u>	<u>\$ 2,585,809</u>	<u>\$ 1,122,923</u>	<u>\$ 3,733,531</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2021	\$ 875,413	\$ 211,307	\$ 1,086,720
2022	893,124	211,306	1,104,430
2023	353,199	206,196	559,395
2024	198,656	206,196	404,852
2025	42,029	206,196	248,225
Thereafter	-	329,909	329,909
Total	<u>\$ 2,362,421</u>	<u>\$ 1,371,110</u>	<u>\$ 3,733,531</u>

## Alpine Union School District

Notes to the Financial Statements, Continued

June 30, 2020

### U. Upcoming Accounting Guidance

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

Description	Date Issued	Fiscal Year Effective
<b>GASB Statement 84, Fiduciary Activities</b>	01/2017	2020-21
<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 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61</b>	08/2018	2020-21
<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 93, Replacement of Interbank Offered Rates</b>	03/2020	2020-21
<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 Implementation Guide No. 2019-1, Implementation Guidance Update – 2019</b>	04/2019	2020-21
<b>GASB Implementation Guide No. 2019-2, Fiduciary Activities</b>	06/2019	2020-21
<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

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, 2020

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## V. 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 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 District started the 2020-21 school year in August 2020 with a distance learning model. During which, the District applied for the Elementary School waiver and received approval to open. Subsequently, in September 2020, the District transitioned to in-person learning using a hybrid model. Under this model, students began attending school in-person two days a week (Monday and Tuesday or Thursday and Friday) and participated in three days of distance learning. Special education students attended three days a week. This schedule allowed the District to electrostatic spray and disinfect every Wednesday and Friday between cohorts.

As the weeks passed, it became apparent the hybrid learning model was going exceptionally well. Overall, the teachers and students have been adjusting very well to the new procedures and protocols while also adapting to a new model of instruction.

In addition, the District implemented the Health Building concept that incorporates systemic changes that include both proactive and reactive mitigation strategies in both operations and facilities. This starts at the very foundation with custodian staff receiving up-to-date equipment and continuous training on how to clean and maintain a healthy environment to prevent the spread of infectious diseases. The concept includes a facilities and systems evaluation and hygiene assessment, which lead the District to be one of the first school districts in California to install needlepoint bi-polar ionizers in every HVAC unit at every school in the District.

After 18 weeks of in-person learning with no school closures, on March 15, 2021, the District combined the two cohorts and moved on to full-time in-person learning four days a week. Wednesday remained a day for distance learning and electrostatic spraying and disinfecting the whole campus.

In addition to school closures, new regulations and safety measures were required to be put in place by all California schools as part of a re-opening plan. The Alpine Union School District has established a re-opening plan that they believe will provide 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. Additionally, for the 2019-20 fiscal year, the state placed all school districts in a hold harmless model by shifting attendance reporting periods to a point prior to the pandemic to prevent sudden losses of attendance from impacting funding for the 2019-20 fiscal year. Finally, funding for the 2020-21 fiscal year is frozen at amounts provided in 2019-20 for all California school districts, with adjustments

Required Supplementary Information

# Alpine Union School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 6,593,475	\$ 7,425,642	\$ 7,425,642	\$ -
Education Protection Account	2,241,805	1,273,105	1,273,105	-
Property Taxes	5,164,533	5,505,103	5,505,103	-
Federal Revenue	813,339	656,354	656,354	-
Other State Revenue	839,074	1,479,381	1,479,381	-
Interest Income	70,000	115,132	115,132	-
Other Local Revenue	1,447,702	1,237,230	1,320,081	82,851
Total Revenues	<u>17,169,928</u>	<u>17,691,947</u>	<u>17,774,798</u>	<u>82,851</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	7,347,025	6,843,287	6,786,148	57,139
Classified Salaries	2,741,551	2,376,839	2,356,532	20,307
Employee Benefits	3,936,943	4,298,981	4,216,439	82,542
Books and Supplies	851,500	1,538,036	518,553	1,019,483
Services and Other Operating	2,027,439	2,657,188	2,454,537	202,651
Other Outgo	-	9,195	-	9,195
Capital Outlay	200,000	209,425	189,345	20,080
Debt Service				
Principal	412,504	412,505	412,505	-
Interest	176,464	122,687	122,687	-
Total Expenditures	<u>17,693,426</u>	<u>18,468,143</u>	<u>17,056,746</u>	<u>1,411,397</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(523,498)</u>	<u>(776,196)</u>	<u>718,052</u>	<u>1,494,248</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>				
	<u>(553,498)</u>	<u>(776,196)</u>	<u>718,052</u>	<u>1,494,248</u>
<b>Fund Balance - Beginning of Year</b>				
	<u>3,320,192</u>	<u>3,320,192</u>	<u>3,320,192</u>	<u>-</u>
<b>Fund Balance - End of Year</b>				
	<u>\$ 2,766,694</u>	<u>\$ 2,543,996</u>	<u>\$ 4,038,244</u>	<u>\$ 1,494,248</u>

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

## Budgetary Comparison Schedule – Cafeteria Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Federal Revenue	\$ 239,014	\$ 242,880	\$ 356,793	\$ 113,913
State Revenue	31,140	26,033	24,858	(1,175)
Interest Income	316	1,335	1,335	-
Other Local Revenue	207,433	234,798	138,979	(95,819)
Total Revenues	477,903	505,046	521,965	16,919
<b>Expenditures</b>				
Current Expenditures:				
Classified Salaries	237,561	204,940	204,939	1
Employee Benefits	56,192	58,450	58,450	-
Books and Supplies	166,462	176,649	225,027	(48,378)
Services and Other Operating	11,500	13,459	13,459	-
Total Expenditures	471,715	453,498	501,875	(48,377)
Excess (Deficiency) of Revenues Over Expenditures	6,188	51,548	20,090	(31,458)
<b>Other Financing Sources (Uses)</b>				
Transfers In	30,000	-	-	-
Net Financing Sources (Uses)	30,000	-	-	-
<b>Net Change in Fund Balance</b>	36,188	51,548	20,090	(31,458)
<b>Fund Balance - Beginning of Year</b>	14,453	14,453	14,453	-
<b>Fund Balance - End of Year</b>	\$ 50,641	\$ 66,001	\$ 34,543	\$ (31,458)

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0128%	0.0131%	0.0133%	0.0142%	0.0150%	0.0156%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 11,520,008	\$ 12,049,007	\$ 12,259,182	\$ 11,481,390	\$ 10,126,040	\$ 9,112,358	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	6,162,369	6,924,273	7,280,045	6,567,554	5,391,299	5,548,577	N/A	N/A	N/A	N/A
Total	\$ 17,682,377	\$ 18,973,280	\$ 19,539,227	\$ 18,048,944	\$ 15,517,339	\$ 14,660,935	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	\$ 6,909,600	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,151,089	\$ 1,116,164	\$ 1,004,671	\$ 881,718	\$ 756,762	\$ 617,215	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,151,089)	(1,116,164)	(1,004,671)	(881,718)	(756,762)	(617,215)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 6,731,515	\$ 6,856,044	\$ 6,962,377	\$ 7,008,887	\$ 7,052,767	\$ 6,950,619	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	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.

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

## Alpine Union School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0136%	0.0160%	0.0157%	0.0164%	0.0160%	0.0176%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 3,954,292	\$ 4,258,638	\$ 3,751,108	\$ 3,236,921	\$ 2,354,564	\$ 1,996,391	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	\$ 1,849,039	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	208.26%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 369,829	\$ 342,951	\$ 330,747	\$ 280,283	\$ 235,128	\$ 209,100	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(369,829)	(342,951)	(330,747)	(280,283)	(235,128)	(209,100)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 1,875,306	\$ 1,898,743	\$ 2,129,592	\$ 2,018,167	\$ 1,984,704	\$ 1,776,399	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 278,684	\$ 270,567	\$ 265,736	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	139,837	159,946	154,401	N/A	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	N/A
Differences between expected and actual experience	(791,742)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(775,343)	92,434	(25,554)	N/A	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	N/A
Benefit payments	(372,724)	(382,402)	(359,063)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(1,549,226)	(4,219)	35,520	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	4,486,300	4,490,519	4,454,999	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<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>	<u>N/A</u>
Covered payroll	8,606,821	8,680,000	8,680,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	34.12%	51.69%	51.73%	N/A	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.

See Accompanying Notes to Required Supplementary Information

# Alpine Union School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2020

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## Excess of Expenditures Over Appropriations

As of June 30, 2020, expenditures exceeded appropriations in individual budgeted funds as follows:

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

### Cafeteria Fund:

Books and Supplies	\$ 48,378	The District did not budget for non-cash commodities.
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Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Alpine Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2020

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

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions: There were no changes to assumptions in 2015, 2016, 2017, 2019 and 2020. In 2018 there was a change in discount rate from 7.60% to 7.10%.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016, 2017, 2018 and 2019 (measurement dates). 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
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	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

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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, 2020

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

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions. There were no changes in assumptions in 2015, 2017, and 2020. In 2016 the discount rate was changed from 7.50% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of actuarial assumptions published December 2017. There were no changes to the discount rate in this period.

### Schedule of District's Contributions – CalPERS

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016 and 2017 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates) used the following actuarial methods and assumptions, applied to all periods included in the measurement:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	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
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/18
Experience Study	07/01/97 - 06/30/11	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	7.15%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%
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, 2020

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

1. Benefit Changes: The District changed required years of eligible service from 10 years to 15 years during the year ended June 30, 2020.
2. Changes in Assumptions: There were no changes in assumptions in 2018. Changes in assumptions for the fiscal year ended June 30, 2019 were for a decrease in the discount rate from 3.50% to 3.15%. Changes in assumptions for the fiscal year ended June 30, 2020 were for a decrease in the discount rate from 3.15% to 2.20%.
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%

## Combining Statements as Supplementary Information

# Alpine Union School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2020

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	
<b>Assets</b>			
Cash in County Treasury	\$ 3	\$ 131,940	\$ 131,943
Cash with Fiscal Agent	-	-	-
Accounts Receivable	-	428	428
Total Assets	<u>\$ 3</u>	<u>\$ 132,368</u>	<u>\$ 132,371</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:			
Restricted	<u>3</u>	<u>132,368</u>	<u>132,371</u>
Total Fund Balance	<u>3</u>	<u>132,368</u>	<u>132,371</u>
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 132,368</u>	<u>\$ 132,371</u>

# Alpine Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2020

	Capital Projects Funds		Total Nonmajor Governmental Funds
	Building Fund	Capital Facilities Fund	
<b>Revenues</b>			
Interest Income	\$ -	\$ 3,014	\$ 3,014
Other Local Revenue	-	98,983	98,983
Total Revenues	<u>-</u>	<u>101,997</u>	<u>101,997</u>
<b>Expenditures</b>			
Current Expenditures:			
Capital Outlay	-	83,370	83,370
Total Expenditures	<u>-</u>	<u>83,370</u>	<u>83,370</u>
			-
Net Change in Fund Balance	-	18,627	18,627
Fund Balance, Beginning of Year	<u>3</u>	<u>113,741</u>	<u>113,744</u>
Fund Balance, End of Year	<u>\$ 3</u>	<u>\$ 132,368</u>	<u>\$ 132,371</u>

## Other Supplementary Information

# Alpine Union School District

## Local Education Agency Organization Structure

June 30, 2020

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 2020
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 2020
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, Ed.D  
Assistant Superintendent of  
Human Resources and  
Student Services

David Graves  
Chief Business Officer

**Alpine Union School District**  
 Schedule of Average Daily Attendance  
 Year Ended June 30, 2020

	Second Period Report		Annual Report	
	Original 8B9FF2FC	Revised	Original A0AC388E	Revised
TK/K-3				
Regular ADA	808.72	N/A	808.72	N/A
Extended Year Special Education	1.02	N/A	1.02	N/A
Total TK/K-3	<u>809.74</u>	<u>N/A</u>	<u>809.74</u>	<u>N/A</u>
Grades 4-6				
Regular ADA	464.38	N/A	464.38	N/A
Extended Year Special Education	0.43	N/A	0.43	N/A
Total Grades 4-6	<u>464.81</u>	<u>N/A</u>	<u>464.81</u>	<u>N/A</u>
Grades 7-8				
Regular ADA	286.47	N/A	286.47	N/A
Extended Year Special Education	0.09	N/A	0.09	N/A
Total Grades 7-8	<u>286.56</u>	<u>N/A</u>	<u>286.56</u>	<u>N/A</u>
Total ADA	<u><u>1,561.11</u></u>	<u><u>N/A</u></u>	<u><u>1,561.11</u></u>	<u><u>N/A</u></u>

N/A – There were no audit findings which resulted in necessary revisions to attendance.

On March 17, 2020 Governor Newsom signed Senate Bill (SB) 117 which mitigated the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provided that the ADA used for both the second period (P2) and the Annual period apportionment include all full school months from July 1, 2019 to February 29, 2020 for all local education agencies (LEAs).

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

## Alpine Union School District

### Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	Minutes Requirement	2019-20 Actual Minutes	2019-20 COVID-19 Closure Minutes	2019-20 Total Instructional Minutes	2019-20 Actual School Days	2019-20 COVID-19 Closure Days	2019-20 Total School Days	Status
Transitional Kindergarten	36,000	33,980	13,370	47,350	128	52	180	Complied
Kindergarten	36,000	33,980	13,370	47,350	128	52	180	Complied
1st Grade	50,400	37,376	15,404	52,780	128	52	180	Complied
2nd Grade	50,400	37,376	15,404	52,780	128	52	180	Complied
3rd Grade	50,400	37,376	15,404	52,780	128	52	180	Complied
4th Grade	54,000	39,296	16,184	55,480	128	52	180	Complied
5th Grade	54,000	39,296	16,184	55,480	128	52	180	Complied
6th Grade	54,000	40,817	16,927	57,744	128	52	180	Complied
7th Grade	54,000	40,817	16,927	57,744	128	52	180	Complied
8th Grade	54,000	40,817	16,927	57,744	128	52	180	Complied

Due to COVID-19 the District closed all campuses on March 17, 2020 through the end of the school year. Distance learning was provided to students for school days during the closure. This schedule has been reflected based on the original approved calendar and instructional time planned by the District for the 2019-20 fiscal year.

School districts must maintain their instructional minutes as defined in Education Code §46201 through §46207. This schedule is required of all school districts, including basic aid districts.

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code §46201 through §46207.



# Alpine Union School District

## Schedule of Financial Trends and Analysis Year Ended June 30, 2020

General Fund	Budget 2021 (See Note 1)	2020	2019	2018
Revenues and Other Financing Sources	\$ 16,818,639	\$ 17,774,798	\$ 18,719,810	\$ 17,278,850
Expenditures and Other Financing Uses	18,351,864	17,056,746	17,581,503	17,514,119
Net Change in Fund Balance	(1,533,225)	718,052	1,138,307	(235,269)
Ending Fund Balance	<u>\$ 2,505,019</u>	<u>\$ 4,038,244</u>	<u>\$ 3,320,192</u>	<u>\$ 2,181,885</u>
Available Reserves (See Note 2)	<u>\$ 2,236,623</u>	<u>\$ 3,330,045</u>	<u>\$ 1,720,186</u>	<u>\$ 2,145,439</u>
Available Reserves as a Percentage of Total Outgo	<u>12.19%</u>	<u>19.52%</u>	<u>9.78%</u>	<u>12.25%</u>
Long Term Debt (See Note 3)	<u>\$ 12,315,186</u>	<u>\$ 14,428,606</u>	<u>\$ 16,122,789</u>	<u>\$ 17,589,036</u>
Average Daily Attendance at P2	<u>1,550</u>	<u>1,561</u>	<u>1,550</u>	<u>1,630</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 \$1,856,359 (85.08%) over the past two years. The fiscal year 2020-21 budget projects a decrease of \$1,533,225 (37.97%). 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 \$3,160,430 over the past two years.

Average daily attendance has decreased by 69 over the past two years.

Notes:

1. Budget 2021 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, 2020

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	General Fund (Fund 01)	Cafeteria Fund (Fund 13)
June 30, 2020, annual financial and budget report fund balances	<u>\$ 3,951,121</u>	<u>\$ 66,002</u>
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Understatement of cash in bank	87,123	-
Overstatement of accounts receivable	<u>-</u>	<u>(31,459)</u>
Net adjustments and reclassifications	<u>87,123</u>	<u>(31,459)</u>
June 30, 2020, audited financial statement fund balances	<u><u>\$ 4,038,244</u></u>	<u><u>\$ 34,543</u></u>

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

**Alpine Union School District**

Schedule of Charter Schools

Year Ended June 30, 2020

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As of June 30, 2020, 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, 2020

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				
School Breakfast Program	10.553	13526	\$ -	\$ 44,805
National School Lunch Program	10.555	13523	-	128,171
National School Lunch Program - Noncash Commodities	10.555	13392	-	48,377
Summer Food Service Program	10.559	13006	-	135,438
Total Child Nutrition Cluster			-	356,791
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	279,105
IDEA Preschool Grants	84.173	13430	-	10,905
IDEA Preschool Staff Development	84.173	13431	-	82
Total Special Education (IDEA) Cluster			-	290,092
<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	-	55,653
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	-	-	101,907
Passed through California Department of Education				
Title I	84.010	14329	-	68,842
Indian Education	84.060	10011	-	21,424
Title II Supporting Effective Instruction	84.367	14341	-	70,659
Title IV Student Support & Academic Enrichment	84.424	15396	-	20,930
Total Other Programs			-	339,415
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 986,298

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, 2020

## Basis of Presentation

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

## Summary of Significant Accounting Policies

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

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.04% 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	10.553, 10.555, 10.559	0.00%
Indian Education	84.060	0.00%
Title II Supporting Effective Instruction	84.367	0.46%
Title IV Student Support & Academic Enrichment	84.424	0.09%

## 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	\$ 68,842

## 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, 2020. 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, 2020.

## 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  
March 31, 2021



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, 2020, 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 March 31, 2021. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We did not identify any significant deficiencies.

## 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  
March 31, 2021

## 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 *2019-20 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, 2020.

### 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 *2019-20 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 *2019-20 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:

**Local Education Agencies Other Than Charter Schools**

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

**School Districts, County Offices of Education, and Charter Schools**

T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A

**Charter Schools**

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
EE. Annual Instructional Minutes - Classroom Based.....	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, 2020.

## 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 *2019-20 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  
March 31, 2021

## Auditor's Results, Findings & Recommendations

**Alpine Union School District**

Schedule of Auditor's Results

Year Ended June 30, 2020

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**FINANCIAL STATEMENTS**

Type of auditor's report issued: Qualified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted?   Yes  X  No

**FEDERAL AWARDS**

Internal control over major programs:

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

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

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

Compliance supplement utilized for single audit August 2020 with December 2020 Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?   Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?  X  Yes   No

**STATE AWARDS**

Any audit findings disclosed that are required to be reported in accordance with *2019-20 Guide for Annual Audits of California K-12 Local Education Agencies?*   Yes  X  No

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

# Alpine Union School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

### A. Financial Statement Findings

Finding Number: 2020-001  
 Repeat Finding: No  
 Program Name: Inventory  
 Type of Finding: Internal Control – Material Weakness (30000)

#### Criteria or Specific Requirement

As a part of the internal control process, the District should perform inventory counts on a regular basis to assist in detection and correction of a misstatement whether due to error or fraud.

#### Condition

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.

#### Cause

The District had turnover in the Child Nutrition Department and during the turnover process did not perform inventory counts or verify inventory records to accounting records.

#### Effect

If a misstatement were to occur in inventory whether due to error or fraud, the District may not detect and correct the error in a timely manner. Additionally, there are not sufficient records for inventory to offer an opinion on the amounts recorded.



# Alpine Union School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2020

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## Recommendation

Establish inventory procedures that track inventory contemporaneously. Include in procedures an inventory count to verify accuracy of records. Record changes in inventory in the accounting records.

## Views of Responsible Officials

See Corrective Action Plan

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

None

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

None

**Superintendent**  
Dr. Richard Newman

**Assistant Superintendent of  
Human Resources and  
Student Services**  
Dr. Bobbi Burkett

**Chief Business Officer**  
William Pickering II

## Alpine Union School District



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

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March 31, 2021

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

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

Sincerely,

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

William Pickering II  
Chief Business Officer

# Alpine Union School District

Corrective Action Plan  
Year Ended June 30, 2020

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## Financial Statement Findings

Finding Number: 2020-001  
Program Name: Inventory  
Contact Person: William Pickering  
Anticipated Completion Date: June 30, 2021

Planned Corrective Action: The District's Child Nutrition Services Director is responsible for recording the inventory as of June 30<sup>th</sup> of each year. This position was vacant during the summer months of 2020 and the inventory was not completed. This came about because another person was never cross trained in the practice of taking inventory. To address this short coming, the District will now have an additional person working in conjunction with the Director taking inventory.

**Alpine Union School District**  
 Schedule of Prior Year Audit Findings  
 Year Ended June 30, 2020

Finding/Recommendation	Status	Explanation if Not Implemented
<b>Finding 2019-001</b>		
<b>Bank Reconciliations</b>		
In our review of bank reconciliations, we noted that the District was not consistently reconciling the bank accounts.		
We recommended the District establish reconciliation procedures for all bank accounts.	Implemented	
<b>Finding 2019-002</b>		
<b>Interfund Payables</b>		
In our review of interfund payables, we noted that the amounts due from the cafeteria fund to the general fund remained from the prior year. District management indicated that the funds were repaid; however, they were repaid from the wrong fund and it had to be reversed. Consequently, the interfund payable from 2017-18 was not repaid and remained outstanding at the end of 2018-19.		
We recommended the District establish procedures over interfund payables to ensure they are repaid in a timely manner. In addition, we recommended the District implement review procedures to ensure repayments are made from the proper fund.	Implemented	
<b>Finding 2019-003</b>		
<b>Classroom Teacher Salaries</b>		
In our review of Classroom Teacher Salaries, we noted that the District expended 56.86% on classroom teacher salaries which is 3.14% or \$518,777 below the required spending level.		
We recommended the District establish procedures to ensure proper spending of classroom teacher salaries at 60% as required by Education Code Section 41372.	Implemented	