



Financial Statements
June 30, 2021

Earlimart School District

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Independent Auditor's Report

To the Governing Board
Earlimart School District
Earlimart, 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 Earlimart School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Earlimart School District, as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, Earlimart School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Earlimart School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2022 on our consideration of Earlimart School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Earlimart School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Earlimart School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 29, 2022

EARLIMART SCHOOL DISTRICT

JAIME ROBLES, Superintendent

BOARD OF TRUSTEES

Abigail Solis, President
Yolanda Duran, Clerk
Gloria Borunda, Member
Mike Fernandez, Member
Ruby Garcia, Member

PRINCIPALS

Stephanie Mendes, Elementary School
Melissa Ruiz, Alila School
Scott Staton, Middle School



This section of Earlimart School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows, as well as all liabilities (including long-term liabilities), and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for governmental activities.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Earlimart School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows, liabilities, and deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

FINANCIAL HIGHLIGHTS

- Total net position was \$15.3 million at June 30, 2021. This was an increase of \$4.0 million (35.4 percent) over the prior year.
- Overall revenues were \$32.7 million which is more than expenses of \$28.7 million by \$4.0 million.
- Long-term obligations have increased by \$3.6 million since June 30, 2020.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$15.3 million for the fiscal year ended June 30, 2021. Of this amount, \$3.1 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020 as Restated
Assets		
Current and other assets	\$ 35,089,264	\$ 26,546,760
Capital assets	19,397,993	20,328,410
Total assets	54,487,257	46,875,170
Deferred outflows of resources	5,410,780	5,541,477
Liabilities		
Current liabilities	3,406,006	2,754,794
Long-term liabilities	38,437,046	34,874,014
Total liabilities	41,843,052	37,628,808
Deferred inflows of resources	2,754,717	3,490,470
Net Position		
Net investment in capital assets	9,719,131	11,048,550
Restricted	3,096,611	2,476,536
Unrestricted (deficit)	2,484,526	(2,227,717)
Total net position	\$ 15,300,268	\$ 11,297,369

The \$15.3 million in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by 211.5 percent, or \$4.7 million, from last year.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 20,882	\$ 58,184
Operating grants and contributions	12,820,875	5,917,833
Capital grants and contributions	7,371	7,659
General revenues		
Federal and State aid not restricted	17,030,725	18,076,365
Property taxes	1,791,947	1,825,890
Other general revenues	1,037,342	1,226,522
Total revenues	32,709,142	27,112,453
Expenses		
Instruction-related	18,806,650	17,540,173
Pupil services	4,025,204	3,997,402
Administration	1,621,218	1,683,476
Plant services	3,517,319	3,455,506
All other services	735,852	591,738
Total expenses	28,706,243	27,268,295
Change in net position	\$ 4,002,899	\$ (155,842)

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$28.7 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$1.8 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions of \$12.8 million. We paid for the remaining “public benefit” portion of our governmental activities with \$17.0 million in State and Federal funds, and with \$1.0 million in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District’s largest functions. As discussed above, net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 18,806,649	\$ 17,540,173	\$ (8,776,336)	\$ (13,943,248)
Pupil services	4,025,204	3,997,402	(1,939,717)	(1,897,385)
Administration	1,621,218	1,683,476	(1,514,283)	(1,521,463)
Plant services	3,517,319	3,455,506	(2,967,601)	(3,413,862)
All other services	735,853	591,738	(659,178)	(508,661)
Total	\$ 28,706,243	\$ 27,268,295	\$ (15,857,115)	\$ (21,284,619)

* The total cost of services and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$31.7 million, which is an increase of \$7.9 million from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2020 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 20,152,236	\$ 30,212,675	\$ 23,658,149	\$ 26,706,762
Student Activities	19,918	3,757	1,439	22,236
Child Development	59,147	330,070	313,366	75,851
Cafeteria	342,715	1,489,798	1,798,967	33,546
Building	1,398,013	1,932,947	339,539	2,991,421
Capital Facilities	373,903	24,903	15,000	383,806
County School Facilities	291,156	7,371	-	298,527
Special Reserve Fund for Capital Outlay Projects	61	-	-	61
Bond Interest and Redemption	1,154,817	4,508,239	4,492,008	1,171,048
Debt Service	-	157,075	157,075	-
Total	\$ 23,791,966	\$ 38,666,835	\$ 30,775,543	\$ 31,683,258

The General Fund increased by approximately \$6.6 million. The Cafeteria Fund decreased by \$0.3 million. The Building Non-Major Governmental Fund increased by approximately \$1.6 million due to the issuance of bonds. The remaining non-major funds did not have any significant changes.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on July 20, 2021. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District projected a decrease in the General Fund of approximately \$3.0 million. While revenues were \$3.6 million more than expected, expenditures and transfers out were \$6.0 million less than projected resulting in an increase of \$6.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$19.4 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of about \$1.0 million, or 4.6 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 342,800	\$ 342,800
Buildings and improvements	18,267,788	19,031,342
Equipment	787,405	954,268
Total	\$ 19,397,993	\$ 20,328,410

We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of this year, the District had \$38.4 million in long-term liabilities as shown in Table 6.

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 10,766,934	\$ 8,434,277
Unamortized premiums	449,728	666,619
Capital leases	1,505,410	1,623,997
Compensated absences	189,002	61,225
Total OPEB liability	4,094,214	3,782,775
Aggregate net pension liability	21,431,758	20,305,121
Total	\$ 38,437,046	\$ 34,874,014

At year-end, the District has a net pension liability of \$21.4 million versus \$20.3 million last year, an increase of \$1.1 million, or 5.5 percent. The District also reported deferred outflows of resources from pension activities of \$4.5 million, and deferred inflows of resources from pension activities of \$2.7 million. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

- Purchased upgrades for our network allowing students better access for distance learning.
- Purchased curriculum that served students during distance learning.
- We purchased books to allow us to do a drive through literacy fair.
- Purchased devices for our preschool students to allow them to do distance learning.
- We brought students back on campus in March of 2021, giving students three months of in person learning.
- We started a PPE inventory system that provided PPE for all of our students and staff.
- We were able to implement touchless fixtures and implement sanitization procedures to ensure our students and staff stayed safe.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The District continued to experience a decline in enrollment. There are a couple of factors regarding why students have left the District; one factor being a lack of housing and the second is students leaving the District to attend Wonderful Academy Charter School. In addition, Ennis Homes, which is a large home builder in the Central Valley, have plans to build homes in Earlimart. Earlimart received a \$3 million grant to help with water infrastructure which needs to be in place before Ennis Homes can build.
- The increased contributions for CalSTRS and CalPERS will continue to make significant demands on the District's base funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Danika Curlee, Chief Financial Officer, at Earlimart School District, 785 East Center Road, P.O. Box 11970, Earlimart, California.

Earlimart School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 26,558,871
Receivables	8,383,538
Stores inventories	146,855
Capital assets not depreciated	342,800
Capital assets, net of accumulated depreciation	19,055,193
Total assets	54,487,257
Deferred Outflows of Resources	
Deferred charge on refunding	152,650
Deferred outflows of resources related to OPEB	736,168
Deferred outflows of resources related to pensions	4,521,962
Total deferred outflows of resources	5,410,780
Liabilities	
Accounts payable	2,130,193
Unearned revenue	1,275,813
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	411,397
Long-term liabilities other than OPEB and pensions due in more than one year	12,499,677
Total other postemployment benefits liability (OPEB)	4,094,214
Aggregate net pension liabilities	21,431,758
Total liabilities	41,843,052
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	89,229
Deferred inflows of resources related to pensions	2,665,488
Total deferred inflows of resources	2,754,717
Net Position	
Net investment in capital assets	9,719,131
Restricted for	
Debt service	1,171,048
Capital projects	682,333
Educational programs	1,220,994
Student activities	22,236
Unrestricted	2,484,526
Total net position	\$ 15,300,268

Earlimart School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 14,114,909	\$ 1,133	\$ 7,639,632	\$ 7,371	\$ (6,466,773)
Instruction-related activities					
Supervision of instruction	1,700,948	-	875,708	-	(825,240)
Instructional library, media, and technology	1,976,392	-	1,423,940	-	(552,452)
School site administration	1,014,400	-	82,529	-	(931,871)
Pupil services					
Home-to-school transportation	650,450	-	196,383	-	(454,067)
Food services	1,875,055	432	1,286,365	-	(588,258)
All other pupil services	1,499,699	-	602,307	-	(897,392)
Administration					
All other administration	1,621,218	310	106,625	-	(1,514,283)
Plant services	3,517,319	95	549,623	-	(2,967,601)
Ancillary services	43,317	-	6,973	-	(36,344)
Community services	2,420	-	-	-	(2,420)
Interest on long-term liabilities	624,687	-	-	-	(624,687)
Other outgo	65,428	18,912	50,790	-	4,274
	<u>\$ 28,706,243</u>	<u>\$ 20,882</u>	<u>\$ 12,820,875</u>	<u>\$ 7,371</u>	<u>(15,857,115)</u>

Earlimart School District
Statement of Activities
Year Ended June 30, 2021

	<u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u>
General Revenues and Subventions	
Property taxes, levied for general purposes	1,338,476
Property taxes, levied for debt service	406,767
Taxes levied for other specific purposes	46,704
Federal and State aid not restricted to specific purposes	17,030,725
Interest and investment earnings	4,776
Special and extraordinary	115,485
Miscellaneous	<u>917,081</u>
Subtotal, general revenues	<u>19,860,014</u>
Change in Net Position	4,002,899
Net Position - Beginning, as Restated	<u>11,297,369</u>
Net Position - Ending	<u><u>\$ 15,300,268</u></u>

Earlimart School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 21,204,900	\$ 78,436	\$ 2,991,421	\$ 2,284,114	\$ 26,558,871
Receivables	8,137,098	246,440	-	-	8,383,538
Due from other funds	300,000	19,578	-	55,012	374,590
Stores inventories	-	146,855	-	-	146,855
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 29,641,998</u>	<u>\$ 491,309</u>	<u>\$ 2,991,421</u>	<u>\$ 2,339,126</u>	<u>\$ 35,463,854</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,996,401	\$ 71,424	\$ -	\$ 62,368	\$ 2,130,193
Due to other funds	74,590	300,000	-	-	374,590
Unearned revenue	864,245	86,339	-	325,229	1,275,813
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,935,236</u>	<u>457,763</u>	<u>-</u>	<u>387,597</u>	<u>3,780,596</u>
Fund Balances					
Nonspendable	2,000	33,546	-	-	35,546
Restricted	1,145,143	-	2,991,421	1,951,468	6,088,032
Committed	-	-	-	61	61
Unassigned	25,559,619	-	-	-	25,559,619
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>26,706,762</u>	<u>33,546</u>	<u>2,991,421</u>	<u>1,951,529</u>	<u>31,683,258</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 29,641,998</u>	<u>\$ 491,309</u>	<u>\$ 2,991,421</u>	<u>\$ 2,339,126</u>	<u>\$ 35,463,854</u>

Earlimart School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds		\$ 31,683,258
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 36,483,806	
Accumulated depreciation is	<u>(17,085,813)</u>	
Net capital assets		19,397,993
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Debt refundings (deferred charge on refunding)	152,650	
Other postemployment benefits (OPEB)	736,168	
Net pension liability	<u>4,521,962</u>	
Total deferred outflows of resources		5,410,780
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Other postemployment benefits (OPEB)	(89,229)	
Net pension liability	<u>(2,665,488)</u>	
Total deferred inflows of resources		(2,754,717)
<p>Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(21,431,758)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(4,094,214)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
General obligation bonds including unamortized premiums	(11,164,873)	
Capital leases	(1,505,410)	
Compensated absences (vacations)	(189,002)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(51,789)</u>	
Total long-term liabilities		<u>(12,911,074)</u>
Total net position - governmental activities		<u>\$ 15,300,268</u>

Earlimart School District

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 17,980,877	\$ -	\$ -	\$ -	\$ 17,980,877
Federal sources	9,326,922	1,317,421	-	12,679	10,657,022
Other State sources	2,132,531	171,799	-	309,056	2,613,386
Other local sources	772,345	578	11,267	477,120	1,261,310
Total revenues	30,212,675	1,489,798	11,267	798,855	32,512,595
Expenditures					
Current					
Instruction	12,355,830	-	-	231,896	12,587,726
Instruction-related activities					
Supervision of instruction	1,607,461	-	-	-	1,607,461
Instructional library, media, and technology	1,944,589	-	-	-	1,944,589
School site administration	962,959	-	-	-	962,959
Pupil services					
Home-to-school transportation	632,538	-	-	-	632,538
Food services	48,240	1,798,967	-	-	1,847,207
All other pupil services	1,285,974	-	-	-	1,285,974
Administration					
All other administration	1,428,739	-	-	15,000	1,443,739
Plant services	3,017,260	-	4,609	-	3,021,869
Ancillary services	12,790	-	-	1,439	14,229
Community services	2,420	-	-	-	2,420
Facility acquisition and construction	140,561	-	213,250	77,755	431,566
Debt service					
Principal	-	-	-	333,587	333,587
Interest and other	-	-	121,680	514,321	636,001
Total expenditures	23,439,361	1,798,967	339,539	1,173,998	26,751,865

Earlimart School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	6,773,314	(309,169)	(328,272)	(375,143)	5,760,730
Other Financing Sources (Uses)					
Transfers in	-	-	-	157,075	157,075
Proceeds from bond issuance	-	-	1,791,075	4,068,925	5,860,000
Premium from bond issuance	-	-	130,605	-	130,605
Other sources	-	-	-	6,560	6,560
Payments to escrow for refunded debt	-	-	-	(3,801,175)	(3,801,175)
Transfers out	(157,075)	-	-	-	(157,075)
Other uses	(61,713)	-	-	(3,715)	(65,428)
Net Financing Sources (Uses)	(218,788)	-	1,921,680	427,670	2,130,562
Net Change in Fund Balances	6,554,526	(309,169)	1,593,408	52,527	7,891,292
Fund Balance - Beginning, as Restated	20,152,236	342,715	1,398,013	1,899,002	23,791,966
Fund Balance - Ending	<u>\$ 26,706,762</u>	<u>\$ 33,546</u>	<u>\$ 2,991,421</u>	<u>\$ 1,951,529</u>	<u>\$ 31,683,258</u>

Earlimart School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 7,891,292

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (1,359,635)
Capital outlays	<u>429,218</u>

Net expense adjustment	(930,417)
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (19,782)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (127,777)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (851,103)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (134,567)

Proceeds received from general obligation bonds or certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (5,860,000)

Earlimart School District

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

Deferred charge on refunding (the difference between the reacquisition price and the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	152,650
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(130,605)
Premium amortization	347,496
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	3,547,125
Capital leases	<u>118,587</u>
Change in net position of governmental activities	<u>\$ 4,002,899</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Earlimart School District was established April 6, 1886, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates two elementary schools and one middle school.

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are comprised of governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for and the retirement of principal and interest on the District's capital lease.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. 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 the 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 is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded 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 fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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. Principal and interest on long-term liabilities, 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 entity-wide statements.

Investments

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Liabilities

Accounts payable and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as liabilities of the funds.

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums are amortized over the life of the debt using the straight-line method.

In governmental fund financial statements, debt premiums are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, where applicable, and OPEB expense, information about additions to/deductions from the District's plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board may assign amounts for specific purposes. The District currently does not have any assigned funds.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds 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, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies

restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$3,096,611 of restricted net position.

Interfund Activity

Transfers between governmental funds are reported in the same manner as general revenues.

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

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.

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 15.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 26,558,871
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\$ 26,558,871

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 22,236
Cash in revolving	2,000
Investments	<u>26,534,635</u>

\$ 26,558,871

Total deposits and investments	<u><u>\$ 26,558,871</u></u>
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Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$26,534,635 in the Tulare County Treasury Investment Pool that has an average weighted maturity of 628 days.

Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investment with the Tulare County Treasury Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, none of the District’s bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution’s trust department or agent.

Note 3 - Receivables

Receivables at June 30, 2021, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Total
Federal Government			
Categorical aid	\$ 4,518,311	\$ 207,997	\$ 4,726,308
State Government			
Categorical aid	3,341,764	38,011	3,379,775
Local Sources	277,023	432	277,455
Total	\$ 8,137,098	\$ 246,440	\$ 8,383,538

Note 4 - Capital Assets

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Balance June 30, 2021</u>
Governmental Activities			
Capital assets not being depreciated			
Land	\$ 342,800	\$ -	\$ 342,800
Capital assets being depreciated			
Land improvements	2,915,809	132,811	3,048,620
Buildings and improvements	28,605,076	296,407	28,901,483
Furniture and equipment	4,190,903	-	4,190,903
	<u>35,711,788</u>	<u>429,218</u>	<u>36,141,006</u>
Total capital assets being depreciated			
	<u>35,711,788</u>	<u>429,218</u>	<u>36,141,006</u>
Total capital assets	<u>36,054,588</u>	<u>429,218</u>	<u>36,483,806</u>
Accumulated depreciation			
Land improvements	(1,594,492)	(134,422)	(1,728,914)
Buildings and improvements	(10,895,051)	(1,058,350)	(11,953,401)
Furniture and equipment	(3,236,635)	(166,863)	(3,403,498)
	<u>(15,726,178)</u>	<u>(1,359,635)</u>	<u>(17,085,813)</u>
Total accumulated depreciation			
	<u>(15,726,178)</u>	<u>(1,359,635)</u>	<u>(17,085,813)</u>
Governmental activities capital assets, net	<u>\$ 20,328,410</u>	<u>\$ (930,417)</u>	<u>\$ 19,397,993</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities		
Instruction		\$ 744,804
All other pupil services		151,769
Plant services		434,740
Ancillary services		28,322
		<u>28,322</u>
Total depreciation expenses governmental activities		<u>\$ 1,359,635</u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General	\$ 300,000	\$ 74,590
Cafeteria	19,578	300,000
Non-Major Governmental Fund		
Child Development	55,012	-
Total	\$ 374,590	\$ 374,590
The Cafeteria Fund owes the General Fund for a temporary cash flow loan.		\$ 300,000
The General Fund owes the Cafeteria Fund for transfers of salaries.		18,790
The General Fund owes the Cafeteria Fund for COVID supplies and expenditures.		788
The General Fund owes the Child Development Non-Major Governmental Fund for special education expenditures.		54,785
The General Fund owes the Child Development Non-Major Governmental Fund for transfers of salaries.		227
Total		\$ 374,590

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2021, consist of the following:

The General Fund transferred to the Debt Service Non-Major Governmental Fund for the debt service payment on the capital lease.	\$ 157,075
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Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consist of the following:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 466,542	\$ 71,424	\$ 62,368	\$ 600,334
LCFF apportionment	1,391,269	-	-	1,391,269
Salaries and benefits	138,590	-	-	138,590
Total	\$ 1,996,401	\$ 71,424	\$ 62,368	\$ 2,130,193

Note 7 - Unearned Revenue

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

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 307,096	\$ 86,339	\$ -	\$ 393,435
State categorical aid	557,149	-	325,229	882,378
Total	\$ 864,245	\$ 86,339	\$ 325,229	\$ 1,275,813

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 8,434,277	\$ 5,879,782	\$ (3,547,125)	\$ 10,766,934	\$ 290,000
Unamortized debt premiums	666,619	130,605	(347,496)	449,728	-
Capital leases	1,623,997	-	(118,587)	1,505,410	121,397
Compensated absences	61,225	127,777	-	189,002	-
Total	\$ 10,786,118	\$ 6,138,164	\$ (4,013,208)	\$ 12,911,074	\$ 411,397

The general obligation bonds are paid by the Bond Interest and Redemption Fund with local taxes. The premiums will be amortized over the life of the related debt. The leases are paid by the Debt Service Fund. The compensated absences are paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Year	Final Maturity Year	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021	
1995	2022	6.70-7.75	\$ 1,900,000	\$ 285,000	\$ -	\$ -	\$ (140,000)	\$ 145,000	
2013	2021	2.00-5.00	2,250,000	2,015,000	-	-	(2,015,000)	-	
2015	2021	2.79-5.12	1,060,000	1,060,000	-	-	(1,060,000)	-	
2015	2025	2.79-5.12	384,817	255,695	-	-	(180,550)	75,145	
Accreted interest				-	143,582	-	19,782	(111,575)	51,789
2016	2042	2.00-5.00	2,900,000	2,775,000	-	-	(15,000)	2,760,000	
2018	2044	4.00-5.00	1,900,000	1,900,000	-	-	(25,000)	1,875,000	
2021	2043	0.51-3.33	3,960,000	-	3,960,000	-	-	3,960,000	
2021	2048	2.50-4.00	1,900,000	-	1,900,000	-	-	1,900,000	
Total				\$ 8,434,277	\$ 5,860,000	\$ 19,782	\$ (3,547,125)	\$ 10,766,934	

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ 23,680	\$ 16,320	\$ 40,000	\$ -	\$ 40,000
2023	25,732	17,735	43,467	3,547	47,014
2024	14,036	9,673	23,709	4,028	27,737
2025	11,697	8,061	19,758	5,242	25,000
Total	\$ 75,145	\$ 51,789	\$ 126,934	\$ 12,817	\$ 139,751

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 250,000	\$ 358,303	\$ 608,303
2023	65,000	385,360	450,360
2024	80,000	383,839	463,839
2025	95,000	382,050	477,050
2026	155,000	379,113	534,113
2027-2031	1,100,000	1,808,039	2,908,039
2032-2036	1,975,000	1,527,762	3,502,762
2037-2041	3,125,000	1,042,492	4,167,492
2042-2046	2,785,000	382,688	3,167,688
2047-2048	1,010,000	25,625	1,035,625
Total	<u>\$ 10,640,000</u>	<u>\$ 6,675,271</u>	<u>\$ 17,315,271</u>

Capital Leases

The District has embarked on an energy retrofit project and has entered into a capital lease agreement to purchase energy efficient equipment. The District's liability on this agreement is summarized below:

	<u>Total</u>
Balance, July 1, 2020	\$ 1,623,997
Payments	<u>(118,587)</u>
Balance, July 1, 2021	<u>\$ 1,505,410</u>
<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 157,075
2023	157,075
2024	157,075
2025	157,075
2026	157,075
2027-2031	785,375
2032	<u>157,075</u>
Total	1,727,825
Less amount representing interest	<u>(222,415)</u>
Present value of minimum lease payments	<u>\$ 1,505,410</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$189,002.

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 4,094,214	\$ 736,168	\$ 89,229	\$ 364,144

The details of each plan are as follows:

District Plan

Plan Administration

The District’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	10
Active employees	158
	<hr/>
Total	168
	<hr/> <hr/>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Earlimart Teachers Association (ETA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, ETA, CSEA, and the unrepresented groups are based on availability of funds. For the reporting period of June 30, 2021, the District paid \$201,413 in benefits which are reflected as deferred outflows of resources for contributions subsequent to the measurement date of June 30, 2020.

Total OPEB Liability of the District

The District’s total OPEB liability of \$4,094,214 was measured as of June 30, 2020, by applying certain roll-forward procedures to the July 1, 2019 valuation.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial measurement was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.45 percent
Healthcare cost trend rates	5.90 percent for 2020 and decreasing by 0.10 percent a year until an ultimate rate of 5.00 percent for 2029 and later years.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Preretirement Mortality Rates from CalPERS Experience Study (1997-2015). Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actual experience study for the period July 1, 2017 to July 1, 2019.

	Total OPEB Liability
Balance, June 30, 2019	\$ 3,782,775
Service cost	196,014
Interest	120,866
Changes of assumptions or other inputs	230,872
Benefit payments	(236,313)
Net change in total OPEB liability	311,439
Balance, June 30, 2020	\$ 4,094,214

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The discount rate changed from 3.13 percent to 2.45 percent. The health care cost rate assumption changed from 6.00 percent to 5.90 percent since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.45%)	\$ 4,458,103
Current discount rate (2.45%)	4,094,214
1% increase (3.45%)	3,759,366

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (4.90%)	\$ 3,813,477
Current healthcare cost trend rate (5.90%)	4,094,214
1% increase (6.90%)	4,428,793

* The District’s contributions are capped, therefore the health trend rate does not impact the Net OPEB Liability.

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$364,144. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 201,413	\$ -
Differences between expected and actual experience	6,302	-
Changes of assumptions	528,453	89,229
Total	\$ 736,168	\$ 89,229

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to changes of assumptions and differences between the projected and actual experience will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 47,264
2023	47,264
2024	47,264
2025	47,264
2026	47,264
Thereafter	209,206
Total	\$ 445,526

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Stores inventories	-	33,546	-	-	33,546
Total nonspendable	2,000	33,546	-	-	35,546
Restricted					
Legally restricted programs	1,145,143	-	-	98,087	1,243,230
Capital projects	-	-	2,991,421	682,333	3,673,754
Debt services	-	-	-	1,171,048	1,171,048
Total restricted	1,145,143	-	2,991,421	1,951,468	6,088,032
Committed					
Capital projects	-	-	-	61	61
Unassigned					
Total unassigned	25,559,619	-	-	-	25,559,619
Total	\$ 26,706,762	\$ 33,546	\$ 2,991,421	\$ 1,951,529	\$ 31,683,258

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with Central Tulare County School Districts Liability/Property Self-Insurance Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Tulare County Schools Insurance Group (TCSIG), an insurance purchasing pool. The intent of TCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in TCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in TCSIG. Each participant pays its workers' compensation premium based on its individual 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 TCSIG.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee health benefits. SISC III is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 12 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 13,689,620	\$ 3,174,717	\$ 2,085,598	\$ 1,570,779
CalPERS	7,742,138	1,347,245	579,890	1,315,744
Total	<u>\$ 21,431,758</u>	<u>\$ 4,521,962</u>	<u>\$ 2,665,488</u>	<u>\$ 2,886,523</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$1,261,719.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 13,689,620
State's proportionate share of the net pension liability	7,057,001
Total	\$ 20,746,621

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0141 percent and 0.0140 percent, resulting in a net increase in the proportionate share of 0.0001 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$1,570,779. In addition, the District recognized pension expense and revenue of \$988,617 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,261,719	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	228,724	1,699,528
Differences between projected and actual earnings on pension plan investments	325,186	-
Differences between expected and actual experience in the measurement of the total pension liability	24,156	386,070
Changes of assumptions	1,334,932	-
Total	\$ 3,174,717	\$ 2,085,598

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (198,428)
2023	110,797
2024	221,053
2025	191,764
Total	\$ 325,186

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 82,393
2023	22,753
2024	(14,780)
2025	(299,834)
2026	(292,755)
Thereafter	4,437
Total	\$ (497,786)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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 its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the

board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 20,683,109
Current discount rate (7.10%)	13,689,620
1% increase (8.10%)	7,915,510

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS

annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$773,701.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$7,742,138. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0252 percent and 0.0262 percent, resulting in a net decrease in the proportionate share of 0.0010 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$1,315,744. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 773,701	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	579,890
Differences between projected and actual earnings on pension plan investments	161,166	-
Differences between expected and actual experience in the measurement of the total pension liability	383,987	-
Changes of assumptions	28,391	-
	<u>\$ 1,347,245</u>	<u>\$ 579,890</u>
Total	<u>\$ 1,347,245</u>	<u>\$ 579,890</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (60,313)
2023	53,796
2024	93,507
2025	74,176
Total	\$ 161,166

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 19,615
2023	(93,078)
2024	(85,575)
2025	(8,474)
Total	\$ (167,512)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 11,130,735
Current discount rate (7.15%)	7,742,138
1% increase (8.15%)	4,929,772

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$798,630 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

The District is not currently a party to any legal proceedings.

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Self Insured Schools of California (SISC III), the Tulare County Schools Insurance Group (TCSIG), and the Central Tulare County School Districts Liability/Property Self-Insurance Authority (CTCSDLPSIA) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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.

The District has appointed no members to the governing board of SISC III.

During the year ended June 30, 2021, the District made payment of \$2,804,758 to SISC III for health benefits.

The District has appointed no members to the governing board of TCSIG.

During the year ended June 30, 2021, the District made payment of \$309,592 to TCSIG for workers' compensation insurance.

The District has appointed no members to the governing board of CTCSDLPSIA.

During the year ended June 30, 2021, the District made payment of \$183,327 to CTCSDLPSIA for liability and property damage insurance.

Note 15 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Earlimart School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 1,879,084	\$ 23,772,048
Reclassification of student activity funds from agency funds to a special revenue fund	19,918	19,918
Fund Balance - Beginning as Restated July 1, 2020	\$ 1,899,002	\$ 23,791,966
 Governmental Activities Financial Statements		
Beginning Governmental Activities Net Position previously reported at June 30, 2020		\$ 11,277,451
Reclassification of student activity funds from agency funds to a special revenue fund		19,918
Net Position - Beginning as Restated July 1, 2020		\$ 11,297,369



Required Supplementary Information
June 30, 2021

Earlimart School District

Earlimart School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 16,557,792	\$ 17,988,739	\$ 17,980,877	\$ (7,862)
Federal sources	2,764,510	6,145,578	9,326,922	3,181,344
Other State sources	1,653,170	1,880,625	2,132,531	251,906
Other local sources	607,042	622,790	772,345	149,555
Total revenues	<u>21,582,514</u>	<u>26,637,732</u>	<u>30,212,675</u>	<u>3,574,943</u>
Expenditures				
Current				
Certificated salaries	8,921,060	9,814,052	8,498,551	1,315,501
Classified salaries	3,568,920	3,709,128	3,325,206	383,922
Employee benefits	6,611,584	6,967,435	6,327,173	640,262
Books and supplies	2,445,996	5,165,796	2,792,638	2,373,158
Services and operating expenditures	2,838,559	3,106,811	2,355,233	751,578
Other outgo	(7,285)	(5,285)	61,712	(66,997)
Capital outlay	796,682	769,162	140,561	628,601
Total expenditures	<u>25,175,516</u>	<u>29,527,099</u>	<u>23,501,074</u>	<u>6,026,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,593,002)</u>	<u>(2,889,367)</u>	<u>6,711,601</u>	<u>9,600,968</u>
Other Financing Uses				
Transfers out	<u>(157,075)</u>	<u>(157,075)</u>	<u>(157,075)</u>	<u>-</u>
Net Change in Fund Balances	<u>(3,750,077)</u>	<u>(3,046,442)</u>	<u>6,554,526</u>	<u>9,600,968</u>
Fund Balance - Beginning	<u>20,152,236</u>	<u>20,152,236</u>	<u>20,152,236</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 16,402,159</u></u>	<u><u>\$ 17,105,794</u></u>	<u><u>\$ 26,706,762</u></u>	<u><u>\$ 9,600,968</u></u>

Earlimart School District
 Budgetary Comparison Schedule – Cafeteria Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 1,592,677	\$ 1,788,644	\$ 1,317,421	\$ (471,223)
Other State sources	112,000	112,000	171,799	59,799
Other local sources	11,000	11,000	578	(10,422)
Total revenues	<u>1,715,677</u>	<u>1,911,644</u>	<u>1,489,798</u>	<u>(421,846)</u>
Expenditures				
Current				
Classified salaries	469,265	441,431	424,158	17,273
Employee benefits	226,460	254,612	227,492	27,120
Books and supplies	912,407	1,092,166	919,042	173,124
Services and operating expenditures	80,700	96,590	94,397	2,193
Other outgo	49,245	49,245	133,878	(84,633)
Total expenditures	<u>1,738,077</u>	<u>1,934,044</u>	<u>1,798,967</u>	<u>135,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,400)</u>	<u>(22,400)</u>	<u>(309,169)</u>	<u>(286,769)</u>
Fund Balance - Beginning	<u>342,715</u>	<u>342,715</u>	<u>342,715</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 320,315</u></u>	<u><u>\$ 320,315</u></u>	<u><u>\$ 33,546</u></u>	<u><u>\$ (286,769)</u></u>

Earlimart School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 196,014	\$ 154,376	\$ 150,720	\$ 144,923
Interest	120,866	116,710	99,806	98,522
Changes of benefit terms	-	157,538	-	-
Difference between expected and actual experience	-	7,858	-	-
Changes of assumptions	230,872	399,560	(137,028)	-
Benefit payments	<u>(236,313)</u>	<u>(243,658)</u>	<u>(221,890)</u>	<u>(183,213)</u>
Net change in total OPEB liability	311,439	592,384	(108,392)	60,232
Total OPEB Liability - Beginning	<u>3,782,775</u>	<u>3,190,391</u>	<u>3,298,783</u>	<u>3,238,551</u>
Total OPEB Liability - Ending	<u>\$ 4,094,214</u>	<u>\$ 3,782,775</u>	<u>\$ 3,190,391</u>	<u>\$ 3,298,783</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Earlimart School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CaSTRS				
Proportion of the net pension liability	<u>0.0141%</u>	<u>0.0140%</u>	<u>0.0163%</u>	<u>0.0163%</u>
Proportionate share of the net pension liability	<u>\$ 13,689,620</u>	<u>\$ 12,672,738</u>	<u>\$ 14,973,665</u>	<u>\$ 15,109,056</u>
State's proportionate share of the net pension liability	<u>7,057,001</u>	<u>6,913,825</u>	<u>8,573,124</u>	<u>8,938,390</u>
Total	<u>\$ 20,746,621</u>	<u>\$ 19,586,563</u>	<u>\$ 23,546,789</u>	<u>\$ 24,047,446</u>
Covered payroll	<u>\$ 7,744,579</u>	<u>\$ 7,782,445</u>	<u>\$ 8,618,579</u>	<u>\$ 8,580,453</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.76%</u>	<u>162.84%</u>	<u>173.74%</u>	<u>176.09%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CaIPERS				
Proportion of the net pension liability	<u>0.0252%</u>	<u>0.0262%</u>	<u>0.0280%</u>	<u>0.0287%</u>
Proportionate share of the net pension liability	<u>\$ 7,742,138</u>	<u>\$ 7,632,383</u>	<u>\$ 7,474,509</u>	<u>\$ 6,856,122</u>
Covered payroll	<u>\$ 3,706,252</u>	<u>\$ 3,734,509</u>	<u>\$ 3,719,007</u>	<u>\$ 3,772,429</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>208.89%</u>	<u>204.37%</u>	<u>200.98%</u>	<u>181.74%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data becomes available, ten years of information will be presented.

Earlimart School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaSTRS			
Proportion of the net pension liability	0.0175%	0.0690%	0.0610%
Proportionate share of the net pension liability	\$ 14,150,808	\$ 11,384,790	\$ 9,396,203
State's proportionate share of the net pension liability	8,055,802	6,021,299	5,673,833
Total	<u>\$ 22,206,610</u>	<u>\$ 17,406,089</u>	<u>\$ 15,070,036</u>
Covered payroll	<u>\$ 8,848,779</u>	<u>\$ 7,906,847</u>	<u>\$ 7,155,976</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>159.92%</u>	<u>143.99%</u>	<u>131.31%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CaIPERS			
Proportion of the net pension liability	0.0292%	0.0301%	0.0280%
Proportionate share of the net pension liability	\$ 5,770,780	\$ 4,438,470	\$ 3,182,709
Covered payroll	<u>\$ 3,505,689</u>	<u>\$ 3,338,773</u>	<u>\$ 2,935,370</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.61%</u>	<u>132.94%</u>	<u>108.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

Earlimart School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CaSTRS				
Contractually required contribution	\$ 1,261,719	\$ 1,324,323	\$ 1,266,982	\$ 1,243,661
Less contributions in relation to the contractually required contribution	<u>1,261,719</u>	<u>1,324,323</u>	<u>1,266,982</u>	<u>1,243,661</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,812,502</u>	<u>\$ 7,744,579</u>	<u>\$ 7,782,445</u>	<u>\$ 8,618,579</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CaIPERS				
Contractually required contribution	\$ 773,701	\$ 730,910	\$ 674,527	\$ 577,599
Less contributions in relation to the contractually required contribution	<u>773,701</u>	<u>730,910</u>	<u>674,527</u>	<u>577,599</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,737,686</u>	<u>\$ 3,706,252</u>	<u>\$ 3,734,509</u>	<u>\$ 3,719,007</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.7210%</u>	<u>18.0620%</u>	<u>15.5310%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Earlimart School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaSTRS			
Contractually required contribution	\$ 1,079,421	\$ 949,474	\$ 702,028
Less contributions in relation to the contractually required contribution	<u>1,079,421</u>	<u>949,474</u>	<u>702,028</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,580,453</u>	<u>\$ 8,848,779</u>	<u>\$ 7,905,721</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS			
Contractually required contribution	\$ 523,915	\$ 415,319	\$ 393,007
Less contributions in relation to the contractually required contribution	<u>523,915</u>	<u>415,319</u>	<u>393,007</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,772,429</u>	<u>\$ 3,505,689</u>	<u>\$ 3,338,773</u>
Contributions as a percentage of covered payroll	<u>13.8880%</u>	<u>11.8470%</u>	<u>11.7710%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate changed from 3.13 percent to 2.45 percent. The health care cost rate assumption changed from 6.00 percent to 5.90 percent since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plan's fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

Earlimart School District

Earlimart School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I - Part A, Basic	84.010	14329	\$ 1,293,322
Title II - Part A, Supporting Effective Instruction	84.367	14341	69,963
Title III - English Language Acquisition - Limited English Proficient	84.365	14346	126,005
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	285,955
Special Education - Local Assistance, Part B, Private Schools	84.027	10115	20,251
Subtotal Special Education Cluster			<u>306,206</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	948,492
COVID-19 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	4,751,964
Subtotal			<u>5,700,456</u>
Total U.S. Department of Education			<u>7,495,952</u>
U.S. Department of the Treasury			
Passed Through California Department of Education			
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	1,830,819
U.S. Department of Agriculture			
Passed Through California Department of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	151

Earlimart School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	15,833
National School Lunch Program - Meal Supplements	10.555	13396	4,222
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>133,877</u>
Subtotal			<u>153,932</u>
School Breakfast Program - Especially Needy Breakfast	10.553	13526	9,939
National School Lunch Program - Summer Food Program	10.559	13004	<u>621,892</u>
Total Child Nutrition Cluster			<u>785,763</u>
Child and Adult Care Food Program	10.558	13393	482,704
Fresh Fruit and Vegetable Program	10.582	14968	<u>48,954</u>
Total U.S. Department of Agriculture			<u>1,317,572</u>
Total Federal Financial Assistance			<u><u>\$ 10,644,343</u></u>

Organization

The Earlimart School District was established on April 6, 1886. The District operates two elementary schools and one middle school. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Abigail Solis	President	2024
Yolanda Duran	Clerk	2022
Gloria Borunda	Member	2022
Mike Fernandez	Member	2022
Ruby Garcia	Member	2024

Administration

Jaime Robles	Superintendent
Danika Curlee	Chief Financial Officer

Earlimart School District
 Schedule of Instructional Time
 Year Ended June 30, 2021

Grade Level	Number of Actual Days		Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar		
Kindergarten	180	N/A	180	Complied
Grades 1 - 3				
Grade 1	180	N/A	180	Complied
Grade 2	180	N/A	180	Complied
Grade 3	180	N/A	180	Complied
Grades 4 - 8				
Grade 4	180	N/A	180	Complied
Grade 5	180	N/A	180	Complied
Grade 6	180	N/A	180	Complied
Grade 7	180	N/A	180	Complied
Grade 8	180	N/A	180	Complied

Earlimart School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2021

Summarized below is the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

	Cafeteria Fund
Fund Balance	
Balance, June 30, 2021, Unaudited Actuals	\$ 5,738
Increase in	
Accounts receivable	27,808
Balance, June 30, 2021, Audited Financial Statements	\$ 33,546

Earlimart School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund Revenues	\$ 25,034,427	\$ 30,212,675	\$ 24,500,410	\$ 23,984,127
Expenditures	27,452,866	23,439,361	22,269,098	23,558,268
Other uses and transfers out	157,075	218,788	206,705	157,075
Total Expenditures and Other Uses	27,609,941	23,658,149	22,475,803	23,715,343
Increase/(Decrease) in Fund Balance	(2,575,514)	6,554,526	2,024,607	268,784
Ending Fund Balance	\$ 24,131,248	\$ 26,706,762	\$ 20,152,236	\$ 18,127,629
Available Reserves ²	\$ 22,986,106	\$ 25,559,619	\$ 19,725,816	\$ 17,786,237
Available Reserves as a Percentage of Total Outgo ³	83.25%	108.04%	87.76%	77.72%
Long-Term Liabilities	Not Available	\$ 38,437,046	\$ 34,874,014	\$ 36,721,354
Average Daily Attendance at P-2	1,548	1,543	1,543	1,636

The General Fund balance has increased by \$8,579,133 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$2,575,514 (9.6 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$1,715,692 over the past two years due to the issuance of bonds and increases in the District's other postemployment benefits.

Average daily attendance has decreased by 93 over the past two years. The District anticipates growth of five ADA during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances contained within the General Fund.

³ On behalf payments of \$828,941 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

Earlimart School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activities Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	\$ 22,236	\$ 352,344	\$ 439,898	\$ 298,527	\$ 61	\$ 1,171,048	\$ -	\$ 2,284,114
Due from other funds	-	55,012	-	-	-	-	-	55,012
Total assets	\$ 22,236	\$ 407,356	\$ 439,898	\$ 298,527	\$ 61	\$ 1,171,048	\$ -	\$ 2,339,126
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 6,276	\$ 56,092	\$ -	\$ -	\$ -	\$ -	\$ 62,368
Unearned revenue	-	325,229	-	-	-	-	-	325,229
Total liabilities	-	331,505	56,092	-	-	-	-	387,597
Fund Balances								
Restricted	22,236	75,851	383,806	298,527	-	1,171,048	-	1,951,468
Committed	-	-	-	-	61	-	-	61
Total fund balances	22,236	75,851	383,806	298,527	61	1,171,048	-	1,951,529
Total liabilities and fund balances	\$ 22,236	\$ 407,356	\$ 439,898	\$ 298,527	\$ 61	\$ 1,171,048	\$ -	\$ 2,339,126

Earlmart School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activities Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues								
Federal sources	\$ -	\$ 12,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,679
Other State sources	-	307,084	-	-	-	1,972	-	309,056
Other local sources	3,757	10,307	24,903	7,371	-	430,782	-	477,120
Total revenues	3,757	330,070	24,903	7,371	-	432,754	-	798,855
Expenditures								
Current								
Instruction	-	231,896	-	-	-	-	-	231,896
Administration								
All other administration	-	-	15,000	-	-	-	-	15,000
Ancillary services	1,439	-	-	-	-	-	-	1,439
Facility acquisition and construction	-	77,755	-	-	-	-	-	77,755
Debt service								
Principal	-	-	-	-	-	215,000	118,587	333,587
Interest and other	-	-	-	-	-	475,833	38,488	514,321
Total expenditures	1,439	309,651	15,000	-	-	690,833	157,075	1,173,998
Excess (Deficiency) of Revenues Over Expenditures	2,318	20,419	9,903	7,371	-	(258,079)	(157,075)	(375,143)
Other Financing Sources/(Uses)								
Transfers in	-	-	-	-	-	-	157,075	157,075
Proceeds from bond issuance	-	-	-	-	-	4,068,925	-	4,068,925
Payments to escrow for refunded debt	-	-	-	-	-	(3,801,175)	-	(3,801,175)
Other sources	-	-	-	-	-	6,560	-	6,560
Other uses	-	(3,715)	-	-	-	-	-	(3,715)
Net Financing Sources (Uses)	-	(3,715)	-	-	-	274,310	157,075	427,670
Net Change in Fund Balances	2,318	16,704	9,903	7,371	-	16,231	-	52,527
Fund Balance - Beginning, as Restated	19,918	59,147	373,903	291,156	61	1,154,817	-	1,899,002
Fund Balance - Ending	\$ 22,236	\$ 75,851	\$ 383,806	\$ 298,527	\$ 61	\$ 1,171,048	\$ -	\$ 1,951,529

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Earlimart School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or fund balance nor changes thereof for the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$133,877 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. Funds have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the General Fund.

	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Amount</u>
Description		
Total Federal Revenues reported on the financial statements		\$ 10,657,022
Child Development: Coronavirus Response and Relief Supplemental Apportionments Act	93.575	<u>(12,679)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 10,644,343</u>

Local Education Agency Organization Structure

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

Earlimart School District



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 Governing Board
Earlimart School District
Earlimart, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Earlimart School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Earlimart School District’s basic financial statements and have issued our report thereon dated April 29, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, Earlimart School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of financial statement findings as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Earlimart 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*.

Response to Finding

The Earlimart School District’s response to the finding identified in our audit is described in the accompanying schedule of financial statement findings. Earlimart 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fresno, California
April 29, 2022



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

To the Governing Board
Earlimart School District
Earlimart, California

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Earlimart 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 Earlimart 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 the Earlimart 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.



Fresno, California
April 29, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Earlimart School District
Earlimart, California

Report on State Compliance

We have audited Earlimart School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	No (see below)
Charter School Facility Grant Program	No (see below)

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

For the 2020-2021 school year, Independent Study - Course Based Program does not apply to school districts as a result of distance learning, therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Additionally, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Unmodified Opinion

In our opinion, Earlimart School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Fresno, California
April 29, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Earlimart School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D
COVID-19 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2021-001 30000

Internal Control Over Financial Reporting

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances.

Condition

During our audit of the year-end accruals, we discovered a subsequent revenue posting that was not accrued as a receivable for the year ended June 30, 2021.

Effect

The amounts were material and an audit adjustment was necessary which increased the unaudited balances in the Cafeteria Fund by \$27,808, which also impacted the entity-wide full accrual financial statements as well.

Cause

There was a rotation of job duties at year-end which meant there was training still happening at the time the check came in.

Repeat Finding (Yes or No)

This finding is not a repeat of or related to a finding in the previous year.

Recommendation

The District should always validate, especially in late fiscal year transactions, the ending June 30, balance of all District related accounts, especially any potential accruals that need to be posted.

Corrective Action Plan and Views of Responsible Officials

The Chief Financial Officer will more thoroughly check the year end deposits to ensure they are accounted for in the correct year.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.