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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 Rim of the World Unified School District, as of June 30, 2021, and the 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, Rim of the World Unified 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 on pages 4 through 13, budgetary comparison information on pages 56 and 57, schedule of changes in the District's total OPEB liability and related ratios on page 58, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 59, schedule of the District's proportionate share of the net pension liability on pages 60 and 61, and the schedule of District contributions on pages 62 and 63, 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 Rim of the World Unified School District's financial statements. The combining and individual 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 and individual 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 and individual 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 January 7, 2022 on our consideration of Rim of the World Unified 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 Rim of the World Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rim of the World Unified School District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
January 7, 2022

This section of Rim of the World Unified School District's (the District) 2020-2021 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 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 Rim of the World Unified School 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. They present the governmental activities. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. 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 the following categories of activities: governmental.

- 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 Rim of the World Unified School District.

HIGHLIGHTS OF THE PAST YEAR

- The District exceeded the minimum available reserve requirement of three percent of total expenditures.
- The encroachment to the General Fund from Food Services was eliminated.
- The District continues to release positive News each Friday and is posted on our social media accounts.
- The Citizens oversight committee for Measure W met as required and reported no concerns to the board.
- Our Maintenance department successfully completed many repairs that had been delayed in years past.
- The District continued the KELVIN culture and climate survey system which supports mental health concerns.
- Continued the work of supporting Professional Learning Communities (PLC's) and developed a data analysis protocol.
- The District continues to have successful audits of all funds and financial statements and a successful performance bond audit.
- Rim High Modernization phase II was completed and signed off by the Department of School Architecture (DSA).
- We successfully applied and were approved for a waiver from the CDE to sell the vacant land and district office building. We are currently under contract with a broker.
- We certified another round of ERATE applications which allowed the district to obtain discounts on our internet services and ability to fund needed technology upgrades.
- The budget committee and 7-11 committee continue to meet regularly.
- The district saw an overall decrease in the number of students identified as being chronically absent. We continued the use of the Attendance-2-Attendance (A2A) attendance program even as students were in distance learning. The district also continued student attendance and review teams (SART) and student attendance review board (SARB) meetings.
- Special Services Department has continued improving processes and procedures to support staff and students.
- Helped to arrange weekly COVID testing for the community and employees.

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 are one indicator of whether *its financial health 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 report the District activities as follows:

Governmental Activities - The District reports all of its services 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 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. 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 - Most 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 between the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A WHOLE

Net Position

For the 2020-2021 fiscal year, the District's net position was \$15,837,083 as of June 30, 2021, as compared to \$15,504,517 at June 30, 2020. As of June 30, 2021, \$(31,142,841) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. Our analysis below 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	\$ 21,083,391	\$ 17,561,667
Capital assets	62,493,631	64,736,228
Total assets	83,577,022	82,297,895
Deferred outflows of resources	10,744,710	11,863,154
Liabilities		
Current liabilities	4,532,958	4,030,670
Long-term liabilities	70,235,817	69,226,089
Total liabilities	74,768,775	73,256,759
Deferred inflows of resources	3,715,874	5,399,773
Net Position		
Net investment in capital assets	42,006,335	43,814,069
Restricted	4,973,589	3,629,304
Unrestricted	(31,142,841)	(31,938,856)
Total net position	\$ 15,837,083	\$ 15,504,517

The \$(31,142,841) in unrestricted deficit net position of governmental activities is a decrease in deficit of \$796,015 over the prior 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* on page 15. 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	\$ 192,176	\$ 219,636
Operating grants and contributions	12,600,503	6,639,154
Capital grants and contributions	3,473	40,254
General revenues		
Federal and State aid not restricted	17,106,774	18,886,552
Property taxes	15,143,282	14,117,668
Other general revenues	1,128,739	1,437,085
Total revenues	46,174,947	41,340,349
Expenses		
Instruction-related	31,823,598	26,150,443
Pupil services	5,117,793	4,960,087
Administration	2,987,005	2,555,495
Plant services	4,237,401	4,038,285
All other services	1,676,584	1,845,002
Total expenses	45,842,381	39,549,312
Change in net position	\$ 332,566	\$ 1,791,037

* 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* on page 15, the cost of all of our governmental activities this year was \$45,842,381. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$15,143,282 because the cost was paid directly by those who benefited from the programs (\$192,176) or by other governments and organizations who subsidized certain programs with grants and contributions (\$12,603,976). We paid for the remaining "public benefit" portion of our governmental activities with \$17,106,774 in Federal and State aid not restricted to specific purposes and with other revenues, like interest and general entitlements (\$1,128,739).

The District's expenses are predominantly related to educating and caring for students (80.58%). The purely administrative activities of the District accounted for 6.5% of total costs.

In Table 3, we have presented the cost and net cost of each of the District's largest functions - regular program instruction, instruction-related activities, student transportation services, other pupil services, general administration, plant services, and all other services. 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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020*</u>	<u>2021</u>	<u>2020*</u>
Instruction-related	\$ 31,823,598	\$ 26,150,443	\$ (22,359,706)	\$ (21,180,773)
Pupil services	5,117,793	4,960,087	(2,593,320)	(3,424,313)
Administration	2,987,005	2,555,495	(2,800,975)	(2,447,074)
Plant services	4,237,401	4,038,285	(4,186,857)	(4,031,967)
All other services	1,676,584	1,845,002	(1,105,371)	(1,566,141)
Total	<u>\$ 45,842,381</u>	<u>\$ 39,549,312</u>	<u>\$ (33,046,229)</u>	<u>\$ (32,650,268)</u>

* The total 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 combined fund balance of \$16,939,615, which is an increase of \$3,008,269 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 10,460,750	\$ 42,931,731	\$ 39,871,433	\$ 13,521,048
Student Activity Fund	615,820	12,112	37,883	590,049
Adult Education	3,022	56	-	3,078
Child Development	4,010	71	-	4,081
Cafeteria	41,993	1,096,557	864,848	273,702
Deferred Maintenance	2,404	45	-	2,449
Building	217,000	4,393	57,562	163,831
Capital Facilities	286,658	253,589	10,935	529,312
County School Facilities	207,448	3,473	164,263	46,658
Special Reserve Fund for Capital Outlay Projects	414,894	5,542	402,366	18,070
Bond Interest and Redemption	1,673,329	1,551,232	1,441,281	1,783,280
Tax Override	4,018	39	-	4,057
Total	\$ 13,931,346	\$ 45,858,840	\$ 42,850,571	\$ 16,939,615

The primary reasons for the decreases and increases are:

- A. The fund balance in the General Fund, which is our principal operating fund increased from \$ 10,460,750 to \$13,521,048. This increase of \$ 3,060,298 is due to:
 1. Although we continue having a structural deficit spending pattern, one-time funds have assisted the district in maintaining a positive ending fund balance, in addition, due to the campus closures, general fund expenditures were lower than originally budgeted, especially in the repair and supplies of our transportation program. In addition, the ability to staff when a vacancy occurred created one-time savings in personnel costs.
 2. Funding for universal meals and the increase in student participation had a positive impact on our Child Nutritional Services overall budget.

- B. The decreases in the Building and State Facilities funds District are due to the District completing Modernization projects and expended the majority of the funds.

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. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 56).

- The District estimates carry-over of restricted funds conservatively and post remaining balances once the prior fiscal year is closed. This creates an increase in restricted revenues and expenditures compared to budget.
- The District budgets all available funds in each account. Many of these funds, largely restricted are spent over two to three years. The unspent amounts are then re-budgeted in the new year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$62,493,631 in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$2,242,597 from last year.

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 12,021,774	\$ 12,822,168
Buildings and improvements	49,101,552	50,562,238
Equipment	1,370,305	1,351,822
Total	\$ 62,493,631	\$ 64,736,228

Long-Term Liabilities

At the end of this year, the District had \$70,235,817 in long-term liabilities; the General Obligation Bond portion of this amount is \$22,641,999 (including unamortized premiums). The remaining \$47,593,818 represents compensated absences, retirement incentives, net pension liability and net other postemployment benefits (OPEB) liability. Long-term liabilities increased by 1.46% over prior year. The primary component of the increase is the increase in net pension liability.

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 20,930,869	\$ 21,116,257
Unamortized premium on bonds	1,711,130	1,807,762
Retirement incentive program	117,619	352,549
Early retirement incentive plan (golden handshake)	1,093,818	1,554,303
Compensated absences	141,589	180,599
Total OPEB liability	11,621,261	11,775,056
Aggregate net pension liability	34,619,531	32,439,563
Total	\$ 70,235,817	\$ 69,226,089

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

- The District continues to maintain a positive ending balance in the General Fund above the mandated three percent reserve required.
- The District continues outreach programs to serve homeless students and other students in need.
- The District continues award winning CTE programs and has had numerous accomplishments in extra-curricular activities.
- Despite fiscal challenges, the District offers a wide variety of AP and CTE classes to our students.
- Despite several obstacles, district operations continued to support learning, maintain aging facilities, and offer exceptional learning opportunities at every campus.
- The district was able to purchase new technology with restricted funds.
- Our maintenance department made several repairs and improvements to our school sites, including security gates, fire alarm systems, heating units and asphalt.
- Purchased more Emergency lock-down buckets for classes, offices, library, and cafeterias and continue to supply our emergency c-trains with meal bars.
- Provided resources and support for textbook adoptions at the secondary level for Mathematics, English Language Arts, AP History, and Social Studies.

- Distributed 2400 Chromebooks to families across the mountain communities in support of distance learning, and 400 hotspots to families across the mountain communities.
- We purchased or refreshed all servers across the district.
- Purchased additional computer carts to bring the district to a 1:1 computer/pupil ratio.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2021 year, the Governing Board and Management used the following criteria:

The key assumptions in our revenue forecast are:

- The District prepared Local Control Funding Formula amounts based on 2019-2020 Second Principal (P2) average daily attendance report, as authorized by the Governors Executive order for ADA to be "Held Harmless." Due to declining enrollment, the district's funded ADA for fiscal year 2021-2022 would be based on the prior year per Education Code, which is ADA from 2019-2020 under the current law.
- Developer fee projections are based on actual collections for the prior year.
- State and Federal revenue is based on actual funding notices received and is being adjusted as updated data becomes available.
- During routine budget revisions, the District adjusted Federal, and State Revenue with the Coronavirus Relief Funds allocated to Districts.

Expenditures are based on the following forecasts:

- Utilities are based on current year usage plus a modest increase in water and waste due to new conservation efforts.
- Health and welfare benefit costs are budgeted at an estimated amount based on prior year and include any adjustments due to the percentage of the District contribution. The District negotiated a soft cap benefit package with all employees.
- Salary increases were included based on estimated step and column increases.
- Instructional staff was budgeted for using enrollment projections and negotiated student-teacher ratios.
- Coronavirus response planning is ongoing, and expenditures budgeted based on collaborative efforts with the relief funds.

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 Jenny Haberlin, Chief Business Official, or Scott Whyte, Senior Accountant, at Rim of the World Unified School District, P.O. Box 430, Lake Arrowhead, California 92352, or e-mail Jenny_Haberlin@rimsd.k12.ca.us or Scott_Whyte@rimsd.k12.ca.us.

Rim of the World Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 12,936,898
Receivables	8,091,347
Stores inventories	55,146
Capital assets not depreciated	12,021,774
Capital assets, net of accumulated depreciation	50,471,857
Total assets	83,577,022
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	3,540,391
Deferred outflows of resources related to pensions	7,204,319
Total deferred outflows of resources	10,744,710
Liabilities	
Accounts payable	3,804,840
Accrued interest	389,182
Unearned revenue	338,936
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	891,383
Long-term liabilities other than OPEB and pensions due in more than one year	23,103,642
Net other postemployment benefits (OPEB) liability	11,621,261
Aggregate net pension liability	34,619,531
Total liabilities	74,768,775
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	3,715,874
Net Position	
Net investment in capital assets	42,006,335
Restricted for	
Debt service	1,398,155
Capital projects	575,970
Educational programs	2,180,037
Other activities	819,427
Unrestricted	(31,142,841)
Total net position	\$ 15,837,083

Rim of the World Unified School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 27,497,359	\$ 47,792	\$ 8,770,958	\$ 3,473	\$ (18,675,136)
Instruction-related activities					
Supervision of instruction	1,930,289	-	444,708	-	(1,485,581)
Instructional library, media, and technology	267,734	-	10,029	-	(257,705)
School site administration	2,128,216	-	186,932	-	(1,941,284)
Pupil services					
Home-to-school transportation	1,929,864	-	263,761	-	(1,666,103)
Food services	960,191	897	1,163,011	-	203,717
All other pupil services	2,227,738	14,029	1,082,775	-	(1,130,934)
Administration					
Data processing	184,097	-	-	-	(184,097)
All other administration	2,802,908	1,934	184,096	-	(2,616,878)
Plant services	4,237,401	811	49,733	-	(4,186,857)
Ancillary services	297,533	-	26,801	-	(270,732)
Community services	2,960	-	-	-	(2,960)
Interest on long-term liabilities	1,250,285	-	-	-	(1,250,285)
Other outgo	125,806	126,713	417,699	-	418,606
Total governmental activities	\$ 45,842,381	\$ 192,176	\$ 12,600,503	\$ 3,473	(33,046,229)
General Revenues and Subventions					
Property taxes, levied for general purposes					13,664,252
Property taxes, levied for debt service					1,375,104
Taxes levied for other specific purposes					103,926
Federal and State aid not restricted to specific purposes					17,106,774
Interest and investment earnings					195,870
Miscellaneous					932,869
Subtotal, general revenues					33,378,795
Change in Net Position					332,566
Net Position - Beginning, as restated					15,504,517
Net Position - Ending					\$ 15,837,083

Rim of the World Unified 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	\$ 8,932,727	\$ 544,344	\$ 189,344	\$ 3,270,483	\$ 12,936,898
Receivables	7,908,987	174,072	487	7,801	8,091,347
Due from other funds	488,444	-	-	249	488,693
Stores inventories	8,804	46,342	-	-	55,146
Total assets	\$ 17,338,962	\$ 764,758	\$ 189,831	\$ 3,278,533	\$ 21,572,084
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,478,978	\$ 2,363	\$ 26,000	\$ 297,499	\$ 3,804,840
Due to other funds	-	488,693	-	-	488,693
Unearned revenue	338,936	-	-	-	338,936
Total liabilities	3,817,914	491,056	26,000	297,499	4,632,469
Fund Balances					
Nonspendable	108,804	46,342	-	-	155,146
Restricted	2,180,037	227,360	163,831	2,955,374	5,526,602
Assigned	2,735,227	-	-	25,660	2,760,887
Unassigned	8,496,980	-	-	-	8,496,980
Total fund balances	13,521,048	273,702	163,831	2,981,034	16,939,615
Total liabilities and fund balances	\$ 17,338,962	\$ 764,758	\$ 189,831	\$ 3,278,533	\$ 21,572,084

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

Total Fund Balance - Governmental Funds		\$ 16,939,615
<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	\$ 129,577,389	
Accumulated depreciation is	<u>(67,083,758)</u>	
Net capital assets		62,493,631
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(389,182)
<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>		
Other postemployment benefits (OPEB)	3,540,391	
Net pension liability	<u>7,204,319</u>	
Total deferred outflows of resources		10,744,710
<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>		
Net pension liability		(3,715,874)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(34,619,531)
<p>The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(11,621,261)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of</p>		
General obligation bonds	(18,939,997)	
Premium on issuance of general obligation bonds	(1,711,130)	
Compensated absences (vacations)	(141,589)	
Retirement incentive plan	(117,619)	
Early retirement incentive plan (golden handshake)	(1,093,818)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(1,990,872)</u>	
Total long-term liabilities		<u>(23,995,025)</u>
Total net position - governmental activities		<u>\$ 15,837,083</u>

Rim of the World Unified 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	\$ 29,954,308	\$ -	\$ -	\$ -	\$ 29,954,308
Federal sources	4,794,047	1,042,954	-	-	5,837,001
Other State sources	5,476,145	84,916	-	6,056	5,567,117
Other local sources	2,707,231	(31,313)	4,393	1,820,103	4,500,414
Total revenues	<u>42,931,731</u>	<u>1,096,557</u>	<u>4,393</u>	<u>1,826,159</u>	<u>45,858,840</u>
Expenditures					
Current					
Instruction	23,996,784	-	-	-	23,996,784
Instruction-related activities					
Supervision of instruction	1,896,860	-	-	-	1,896,860
Instructional library, media, and technology	255,412	-	-	-	255,412
School site administration	1,934,614	-	-	-	1,934,614
Pupil services					
Home-to-school transportation	1,706,791	-	-	-	1,706,791
Food services	76,348	864,848	-	-	941,196
All other pupil services	2,122,082	-	-	-	2,122,082
Administration					
Data processing	120,977	-	-	-	120,977
All other administration	2,823,600	-	-	-	2,823,600
Plant services	4,230,345	-	-	38,530	4,268,875
Ancillary services	252,750	-	-	37,883	290,633
Community services	2,934	-	-	-	2,934
Other outgo	125,806	-	-	-	125,806
Facility acquisition and construction	325,839	-	54,262	539,034	919,135
Debt service					
Principal	291	-	-	490,000	490,291
Interest and other	-	-	3,300	951,281	954,581
Total expenditures	<u>39,871,433</u>	<u>864,848</u>	<u>57,562</u>	<u>2,056,728</u>	<u>42,850,571</u>
Net Change in Fund Balances	3,060,298	231,709	(53,169)	(230,569)	3,008,269
Fund Balance - Beginning, as restated	10,460,750	41,993	217,000	3,211,603	13,931,346
Fund Balance - Ending	<u>\$ 13,521,048</u>	<u>\$ 273,702</u>	<u>\$ 163,831</u>	<u>\$ 2,981,034</u>	<u>\$ 16,939,615</u>

Rim of the World Unified 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		\$ 3,008,269
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
<p>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.</p>		
Capital outlays	\$ 1,201,906	
Depreciation expense	<u>(3,444,503)</u>	
Net expense adjustment		(2,242,597)
<p>In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and termination benefits are measured by 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 benefits earned and used.</p>		
		734,425
<p>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.</p>		
		(1,099,758)
<p>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.</p>		
		(262,360)
<p>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.</p>		
Premium amortization		96,632
Deferred charge on refunding amortization		(98,600)
<p>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.</p>		
General obligation bonds		490,000
<p>Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.</p>		
		<u>(293,445)</u>
Change in net position of governmental activities		<u>\$ 332,566</u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Rim of the World Unified School District (the District) was organized on June 21, 1954, 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 - 12 as mandated by the State and/or Federal agencies. The District operates three elementary schools, one intermediate school, one high school, and one continuation high school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Rim of the World Unified 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 grouped into two broad fund categories: governmental and fiduciary.

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 Activity Fund** The Student Activity 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.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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.
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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 restricted, committed, or assigned 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).
- **Tax Override Fund** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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 differs from the manner in which governmental fund financial statements are prepared.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each segment of the District and for each governmental program and excludes 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. 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 or business segment 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. Each 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 a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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 government-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 investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average method. The costs of inventory items are recorded as expenditures at the time individual inventory items are withdrawn from the store's inventory for consumption.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General 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 financial statement of net position. The valuation basis for general capital assets are 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.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 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 columns 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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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.

Accrued Liabilities and Long-Term Liabilities

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

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 bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums, as well as debt issuance costs 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. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

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 deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, differences between contributions and the District's proportionate share of contributions, differences between expected and actual experience, and changes of assumptions.

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 the difference between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, and differences between expected and actual earnings on investments.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. 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.

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 or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

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 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 \$4,973,589 of net position restricted by enabling legislation.

Interfund Activity

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

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 San Bernardino 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.

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	<u>\$ 12,936,898</u>
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Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 600,049
Cash in revolving	100,000
Investments	<u>12,236,849</u>
Total deposits and investments	<u>\$ 12,936,898</u>

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 does not have 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 primarily investing in the San Bernardino County Treasury Investment Pool to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$12,236,849 with San Bernardino County Treasury Investment Pool that has an average weighted maturity of 461 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the San Bernardino County Investment Pool is rated AAA by Fitch Ratings.

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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$382,040 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	\$ 996,084	\$ 143,005	\$ -	\$ -	\$ 1,139,089
State Government					
LCFF apportionment	4,768,017	-	-	-	4,768,017
Categorical aid	1,032,750	29,823	-	-	1,062,573
Lottery	201,710	-	-	-	201,710
Special education	750,910	-	-	-	750,910
Local Government					
Interest	27,527	1,244	487	1,858	31,116
Other local sources	131,989	-	-	5,943	137,932
	<u>\$ 7,908,987</u>	<u>\$ 174,072</u>	<u>\$ 487</u>	<u>\$ 7,801</u>	<u>\$ 8,091,347</u>

Note 4 - Capital Assets

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 11,866,260	\$ -	\$ -	\$ 11,866,260
Construction in progress	<u>955,908</u>	<u>155,514</u>	<u>(955,908)</u>	<u>155,514</u>
Total capital assets not being depreciated	<u>12,822,168</u>	<u>155,514</u>	<u>(955,908)</u>	<u>12,021,774</u>
Capital assets being depreciated				
Land improvements	8,981,739	-	-	8,981,739
Buildings and improvements	98,843,402	1,729,603	-	100,573,005
Furniture and equipment	<u>7,733,374</u>	<u>272,697</u>	<u>(5,200)</u>	<u>8,000,871</u>
Total capital assets being depreciated	<u>115,558,515</u>	<u>2,002,300</u>	<u>(5,200)</u>	<u>117,555,615</u>
Total capital assets	<u>128,380,683</u>	<u>2,157,814</u>	<u>(961,108)</u>	<u>129,577,389</u>
Accumulated depreciation				
Land improvements	(8,102,238)	(130,732)	-	(8,232,970)
Buildings and improvements	(49,160,665)	(3,059,557)	-	(52,220,222)
Furniture and equipment	<u>(6,381,552)</u>	<u>(254,214)</u>	<u>5,200</u>	<u>(6,630,566)</u>
Total accumulated depreciation	<u>(63,644,455)</u>	<u>(3,444,503)</u>	<u>5,200</u>	<u>(67,083,758)</u>
Governmental activities capital assets, net	<u>\$ 64,736,228</u>	<u>\$ (1,286,689)</u>	<u>\$ (955,908)</u>	<u>\$ 62,493,631</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,100,053
Home-to-school transportation	172,225
All other administration	<u>172,225</u>
Total depreciation expenses governmental activities	<u>\$ 3,444,503</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 are as follows:

Due To	Due From Cafeteria Fund
General Fund	\$ 488,444
Non-Major Governmental Funds	249
Total	<u>\$ 488,693</u>

The balance of \$400,000 due to the General Fund from the Cafeteria Fund resulted from a temporary loan.

The balance of \$88,444 due from the General Fund from the Cafeteria Fund resulted from indirect costs and reimbursement of payroll and benefit expenditures.

The balance of \$249 due to the Child Development Non-Major Governmental Fund from the Cafeteria Fund resulted from reimbursement of payroll and benefit expenditures.

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.

Note 6 - Accounts Payable

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 1,935,871	\$ 1,144	\$ -	\$ -	\$ 1,937,015
LCFF apportionment	565,669	-	-	-	565,669
Supplies and materials	192,378	740	-	-	193,118
Services	727,351	479	-	41,329	769,159
Capital outlay	54,746	-	26,000	256,170	336,916
Other	2,963	-	-	-	2,963
Total	<u>\$ 3,478,978</u>	<u>\$ 2,363</u>	<u>\$ 26,000</u>	<u>\$ 297,499</u>	<u>\$ 3,804,840</u>

Note 7 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 338,936

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	\$ 21,116,257	\$ 304,612	\$ (490,000)	\$ 20,930,869	\$ 555,000
Unamortized debt premiums	1,807,762	-	(96,632)	1,711,130	-
Retirement incentive program	352,549	-	(234,930)	117,619	117,619
Early retirement incentive plan (golden handshake)	1,554,303	-	(460,485)	1,093,818	218,764
Compensated absences	180,599	-	(39,010)	141,589	-
Total	\$ 25,011,470	\$ 304,612	\$ (1,321,057)	\$ 23,995,025	\$ 891,383

Payment for the General Obligation bonds was made by the Bond Interest and Redemption Fund. The compensated absences will be paid by the fund for which the employee worked. The retirement incentive programs are paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
06/10/2009	8/1/2033	1.20-6.92%	\$ 7,600,005	\$ 973,540	\$ 115,495	\$ -	\$ 1,089,035
12/14/2010	8/1/2039	7.65-8.00%	5,083,612	5,611,940	99,955	-	5,711,895
12/15/2011	8/1/2041	2.23-6.77%	10,656,379	1,350,777	89,162	(195,000)	1,244,939
12/12/2017	8/1/2038	2.00-5.00%	13,495,000	13,180,000	-	(295,000)	12,885,000
				\$ 21,116,257	\$ 304,612	\$ (490,000)	\$ 20,930,869

2008 General Obligation Bonds, Series A

In June 2009, the District issued \$7,300,000 in current interest bonds and \$300,005 in capital appreciation bonds (accreting to \$3,550,000) with an original premium of \$517,900 and cost of issuance of \$295,357. The bonds were issued to renovate, repair, construct, and equip certain District schools, sites, and facilities. The bonds mature on August 1, 2033, with interest yields from 1.20 to 6.92%. On December 12, 2017, the District issued \$13,495,000 of the 2017 General Obligation Refunding Bonds. The bonds were issued to refund the District's outstanding 2008 Series A bonds, with the prepayment occurring February 1, 2018. The advance refunding met the requirements of an in-substance defeasance, resulting in 2008 Series A bonds removed as a liability from the District's financial statements. At June 30, 2021, the principal balance outstanding was \$1,089,035.

2008 General Obligation Bonds, Series B

In December 2010, the District issued \$283,612 in capital appreciation bonds (accreting to \$6,650,000) and \$4,800,000 in current interest bonds with an original premium of \$581,859 and cost of issuance of \$226,659. The bonds were issued to renovate, repair, construct, and equip certain District schools, sites, and facilities. The bonds mature on August 1, 2039, with interest yields from 7.65 to 8.00%. At June 30, 2021, the principal balance outstanding was \$5,711,895. Unamortized premium received of the bonds as of June 30, 2021, was \$371,186.

2008 General Obligation Bonds, Series C

In December 2011, the District issued \$461,379 in capital appreciation bonds (accreting to \$6,500,000) and \$10,195,000 in current interest bonds with an original premium of \$548,394 and cost of issuance of \$312,968. The bonds were issued to renovate, repair, construct, and equip certain District schools, sites, and facilities. The bonds mature on August 1, 2041, with interest yields from 2.23 to 6.77%. On December 12, 2017, the District issued \$13,495,000 of the 2017 General Obligation Refunding Bonds. The bonds were issued to refund the District's outstanding 2008 Series C bonds, with the prepayment occurring February 1, 2018. The advance refunding met the requirements of an in-substance defeasance, resulting in 2008 Series C bonds removed as a liability from the District's financial statements. At June 30, 2021, the principal balance outstanding was \$1,244,939.

2017 General Obligation Refunding Bonds

On December 12, 2017, the District issued \$13,495,000 of 2017 General Obligation Refunding Bonds. The bonds were issued to refund the District's outstanding 2008 Series A and 20018 Series B General Obligation Bonds. The District received net proceeds of \$14,824,717 (representing the principal amount of \$13,495,000 plus a premium of \$1,607,933 less cost of issuance and underwriter discount of \$278,216). The bonds have a final maturity to occur on August 01, 2038, with interest rates of 2.00 to 5.00%.

The refunding resulted in a cumulative cash flow saving of \$1,838,880 over the life of the new debt and an economic gain of \$1,386,669 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at a 2.72%. At June 30, 2021, the principal balance outstanding was \$12,885,000 and unamortized premium was \$1,339,944.

The bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest</u>	<u>Accreted Interest</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 555,000	\$ -	\$ 926,781	\$ 1,481,781
2023	660,000	-	906,325	1,566,325
2024	715,000	-	878,825	1,593,825
2025	810,000	-	844,275	1,654,275
2026	935,000	-	800,650	1,735,650
2027-2031	5,375,831	879,169	3,218,950	9,473,950
2032-2036	7,563,202	1,581,798	1,748,125	10,893,125
2037-2041	3,949,661	8,770,339	142,675	12,862,675
2042	367,175	2,432,827	-	2,800,002
Total	<u>\$ 20,930,869</u>	<u>\$ 13,664,133</u>	<u>\$ 9,466,606</u>	<u>\$ 44,061,608</u>

Retirement Incentive Program

The District has a retirement incentive program, whereby the District pays 25% of the eligible early retiree's (minimum of 55 years of age with ten years of service) final year's salary in three equal annual payments commencing after the employee's retirement. The future liability to the District for this program is estimated to be \$117,619.

The future liability payments are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>
2022	<u>\$ 117,619</u>

Early Retirement Incentive Plan (Golden Handshake)

The District has offered both CalSTRS and CalPERS early retirement incentive plans (Golden Handshake Plan) in prior years and in the current year totaling \$1,093,815. The outstanding balance (excluding amounts accounted for as a current liability) is estimated to be paid in accordance with the schedule below:

<u>Year Ending June 30,</u>	<u>Payment</u>
2022	\$ 218,764
2023	218,764
2024	218,764
2025	218,763
2016	218,763
Total	<u>\$ 1,093,818</u>

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, Deferred Outflows of Resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	\$ 11,447,680	\$ 3,540,391	\$ 243,868
Medicare Premium Payment (MPP) Program	173,581	-	18,492
Total	\$ 11,621,261	\$ 3,540,391	\$ 262,360

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 June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	69
Active employees	334
Total	403

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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the Rim Teachers Association (RTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, RTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$1,002,613 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$11,447,680 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

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

Inflation	2.75 %
Salary increases	2.75 %, average, including inflation
Discount rate	2.16 %
Healthcare cost trend rates	4.00 % for 2021

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2009 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	<u>\$ 11,619,967</u>
Service cost	551,175
Interest	250,673
Changes of assumptions or other inputs	28,478
Benefit payments	<u>(1,002,613)</u>
Net change in total OPEB liability	<u>(172,287)</u>
Balance, June 30, 2021	<u><u>\$ 11,447,680</u></u>

Changes of assumptions include a change in the discount rate to 2.16% from 2.20% from the previous measurement date.

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 (1.16%)	\$ 12,072,709
Current discount rate (2.16%)	11,447,680
1% increase (3.16%)	10,845,883

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 10,479,702
Current healthcare cost trend rate (4.00%)	11,447,680
1% increase (5.00%)	12,560,339

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$243,868. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 718,060
Changes of assumptions	2,822,331
Total	\$ 3,540,391

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 444,633
2022	444,633
2023	444,633
2024	444,633
2025	441,343
Thereafter	<u>1,320,516</u>
Total	<u>\$ 3,540,391</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment 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 MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$173,581 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB 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 0.0410%, and 0.0416%, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$18,492.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net 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	Net OPEB Liability
1% decrease (1.21%)	\$ 191,942
Current discount rate (2.21%)	173,581
1% increase (3.21%)	157,957

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 157,391
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	173,581
1% increase (5.50% Part A and 6.40% Part B)	192,217

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	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Stores inventories	8,804	46,342	-	-	55,146
Total nonspendable	108,804	46,342	-	-	155,146
Restricted					
Legally restricted programs	2,180,037	-	-	592,067	2,772,104
Food service	-	227,360	-	-	227,360
Capital projects	-	-	163,831	575,970	739,801
Debt services	-	-	-	1,787,337	1,787,337
Total restricted	2,180,037	227,360	163,831	2,955,374	5,526,602
Assigned					
Adult education program	-	-	-	3,078	3,078
Child development	-	-	-	2,063	2,063
Deferred maintenance program	-	-	-	2,449	2,449
Capital projects	-	-	-	18,070	18,070
Site unspent funds	183,889	-	-	-	183,889
Medical Administrative Activities	173,189	-	-	-	173,189
Unspent planned maintenance	667,611	-	-	-	667,611
GVE Insurance proceeds	511,440	-	-	-	511,440
Site donations	1,199,098	-	-	-	1,199,098
Total assigned	2,735,227	-	-	25,660	2,760,887
Unassigned					
Reserve for economic uncertainties	1,196,143	-	-	-	1,196,143
Remaining unassigned	7,300,837	-	-	-	7,300,837
Total unassigned	8,496,980	-	-	-	8,496,980
Total	\$ 13,521,048	\$ 273,702	\$ 163,831	\$ 2,981,034	\$ 16,939,615

Note 11 - Risk Management

Description

The District’s risk management activities are recorded in the General Fund. The District participates in three public entity risk pools (JPA’s) for health and welfare, workers’ compensation programs, and purchases property and liability coverage through the JPA’s. Refer to Note 13 for additional information regarding the JPA’s.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 22,780,220	\$ 5,154,479	\$ 2,874,710	\$ 2,600,072
CalPERS	11,839,311	2,049,840	841,164	1,819,874
Total	<u>\$ 34,619,531</u>	<u>\$ 7,204,319</u>	<u>\$ 3,715,874</u>	<u>\$ 4,419,946</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% 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:

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

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% 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 \$2,147,413.

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	\$ 22,780,220
State's proportionate share of the net pension liability	<u>11,743,206</u>
Total	<u><u>\$ 34,523,426</u></u>

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 0.0235% and 0.0235%, resulting in a no change in the proportionate share.

For the year ended June 30, 2021, the District recognized pension expense of \$2,600,072. In addition, the District recognized pension expense and revenue of \$1,645,108 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,147,413	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	204,348	2,232,269
Differences between projected and actual earnings on pension plan investments	541,127	-
Differences between expected and actual experience in the measurement of the total pension liability	40,197	642,441
Changes of assumptions	<u>2,221,394</u>	<u>-</u>
Total	<u><u>\$ 5,154,479</u></u>	<u><u>\$ 2,874,710</u></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/(inflows) 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (330,193)
2023	184,372
2024	367,843
2025	<u>319,105</u>
Total	<u>\$ 541,127</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 123,320
2023	(2,430)
2024	21,035
2025	(433,114)
2026	(105,912)
Thereafter	<u>(11,670)</u>
Total	<u>\$ (408,771)</u>

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% 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%. 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%) 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 34,417,740
Current discount rate (7.10%)	22,780,220
1% increase (8.10%)	13,171,809

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 provide 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 are 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 \$1,172,775.

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 \$11,839,311. 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 0.0386% and 0.0384%, resulting in a net increase in the proportionate share of 0.0002%.

For the year ended June 30, 2021, the District recognized pension expense of \$1,819,874. 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	\$ 1,172,775	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	841,164
Differences between projected and actual earnings on pension plan investments	246,456	-
Differences between expected and actual experience in the measurement of the total pension liability	587,194	-
Changes of assumptions	43,415	-
	<u>\$ 2,049,840</u>	<u>\$ 841,164</u>
Total	<u>\$ 2,049,840</u>	<u>\$ 841,164</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/(inflows) 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:

<u>Year Ended June 30,</u>	Deferred Outflows/(Inflows) of Resources
2022	\$ (92,230)
2023	82,265
2024	142,990
2025	113,431
	<u>113,431</u>
Total	<u>\$ 246,456</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (103,412)
2023	(72,140)
2024	(32,224)
2025	(2,779)
Total	<u>\$ (210,555)</u>

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% 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%. 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%)	\$ 17,021,169
Current discount rate (7.15%)	11,839,311
1% increase (8.15%)	7,538,630

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 the Social Security as its alternative plan.

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 \$1,329,001 (10.328% 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 involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Asphalt replacement - Maintenance and Transportation yard	\$ 35,809	August 4, 2021
Scoreboard project	169,475	August 19, 2021
Fire alarm replacement/repair project	22,059	September 13, 2021
Security gates	49,139	September 19, 2021
Internal connections - technology upgrades	292,122	June 30, 2022
Total	\$ 568,604	

Note 14 - Participation in Public Entity Risk Pools

The District is a member of the California Schools Risk Management (CSRM) and Southern Schools Employee Benefit Association (CSEBA) public entity risk pools. The District pays a monthly premium to each entity for its health and workers' compensation coverage, and an annual premium for its property/liability coverage. The relationships between the District and the entities 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.

During the year ended June 30, 2021, the District made payments of \$1,115,447 and \$4,716,098 to SCSRM and SCSEBA, respectively.

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

As of July 1, 2020, the Rim of the World Unified 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	\$ 2,595,783	\$ 13,315,526
Reclassification of student activity funds from agency funds to a special revenue fund	615,820	615,820
Fund Balance - Beginning as Restated July 1, 2020	\$ 3,211,603	\$ 13,931,346
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ 14,888,697
Reclassification of student activity funds from agency funds to a special revenue fund		615,820
Net Position - Beginning as Restated July 1, 2020		\$ 15,504,517

Rim of the World Unified 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	\$ 27,522,778	\$ 29,917,334	\$ 29,954,308	\$ 36,974
Federal sources	4,517,926	5,779,769	4,794,047	(985,722)
Other State sources	2,733,539	3,070,281	5,476,145	2,405,864
Other local sources	2,242,733	2,524,245	2,707,231	182,986
Total revenues	<u>37,016,976</u>	<u>41,291,629</u>	<u>42,931,731</u>	<u>1,640,102</u>
Expenditures				
Current				
Certificated salaries	13,679,272	14,415,606	14,412,785	2,821
Classified salaries	6,143,838	5,971,416	5,786,329	185,087
Employee benefits	12,012,546	11,554,176	11,531,691	22,485
Books and supplies	2,990,418	4,906,718	2,736,525	2,170,193
Services and operating expenditures	5,328,209	6,570,814	4,688,990	1,881,824
Other outgo	179,274	179,274	125,805	53,469
Capital outlay	27,495	782,720	589,017	193,703
Total expenditures	<u>40,361,052</u>	<u>44,380,724</u>	<u>39,871,433</u>	<u>4,509,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,344,076)</u>	<u>(3,089,095)</u>	<u>3,060,298</u>	<u>6,149,393</u>
Other Financing Sources (Uses)				
Transfers out	<u>(151,386)</u>	<u>(151,386)</u>	-	<u>151,386</u>
Net Change in Fund Balances	<u>(3,495,462)</u>	<u>(3,240,481)</u>	<u>3,060,298</u>	<u>6,300,779</u>
Fund Balance - Beginning	<u>10,460,750</u>	<u>10,460,750</u>	<u>10,460,750</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,965,288</u>	<u>\$ 7,220,269</u>	<u>\$ 13,521,048</u>	<u>\$ 6,300,779</u>

Rim of the World Unified 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	\$ 708,297	\$ 708,297	\$ 1,042,954	\$ 334,657
Other State sources	47,837	47,837	84,916	37,079
Other local sources	123,884	123,884	(31,313)	(155,197)
Total revenues	<u>880,018</u>	<u>880,018</u>	<u>1,096,557</u>	<u>216,539</u>
Expenditures				
Current				
Classified salaries	418,096	405,940	397,912	8,028
Employee benefits	192,441	199,597	180,749	18,848
Books and supplies	401,942	406,861	304,562	102,299
Services and operating expenditures	18,925	19,006	(18,374)	37,380
Total expenditures	<u>1,031,404</u>	<u>1,031,404</u>	<u>864,848</u>	<u>166,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(151,386)</u>	<u>(151,386)</u>	<u>231,709</u>	<u>(129,475)</u>
Other Financing Sources (Uses)				
Transfers in	<u>151,386</u>	<u>151,386</u>	<u>-</u>	<u>(151,386)</u>
Net Change in Fund Balances	-	-	231,709	231,709
Fund Balance - Beginning	<u>41,993</u>	<u>41,993</u>	<u>41,993</u>	<u>41,993</u>
Fund Balance - Ending	<u><u>\$ 41,993</u></u>	<u><u>\$ 41,993</u></u>	<u><u>\$ 273,702</u></u>	<u><u>\$ 231,709</u></u>

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 551,175	\$ 880,066	\$ 807,516	\$ 785,904
Interest	250,673	417,194	395,925	416,976
Changes of benefit terms	-	(4,888,826)	-	-
Difference between expected and actual experience	-	893,198	-	-
Changes of assumptions	28,478	3,278,599	259,430	-
Benefit payments	(1,002,613)	(880,121)	(902,782)	(868,060)
Net change in total OPEB liability	(172,287)	(299,890)	560,089	334,820
Total OPEB Liability - Beginning	11,619,967	11,919,857	11,359,768	11,024,948
Total OPEB Liability - Ending	\$ 11,447,680	\$ 11,619,967	\$ 11,919,857	\$ 11,359,768
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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.

Rim of the World Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

	2021	2020	2019	2018
Year ended June 30,				
Proportion of the net OPEB liability	0.0410%	0.0416%	0.0428%	0.0483%
Proportionate share of the net OPEB liability	\$ 173,581	\$ 155,089	\$ 163,693	\$ 203,316
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

Rim of the World Unified 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>
CaISTRS				
Proportion of the net pension liability	<u>0.0235%</u>	<u>0.0235%</u>	<u>0.0238%</u>	<u>0.0267%</u>
Proportionate share of the net pension liability	<u>\$ 22,780,220</u>	<u>\$ 21,262,217</u>	<u>\$ 21,897,860</u>	<u>\$ 24,686,375</u>
State's proportionate share of the net pension liability	<u>11,743,206</u>	<u>11,599,959</u>	<u>12,537,549</u>	<u>14,604,251</u>
Total	<u>\$ 34,523,426</u>	<u>\$ 32,862,176</u>	<u>\$ 34,435,409</u>	<u>\$ 39,290,626</u>
Covered payroll	<u>\$ 13,062,123</u>	<u>\$ 12,702,838</u>	<u>\$ 12,903,347</u>	<u>\$ 14,124,650</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>174.40%</u>	<u>167.38%</u>	<u>169.71%</u>	<u>174.78%</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>0.0386%</u>	<u>0.0384%</u>	<u>0.0416%</u>	<u>0.0470%</u>
Proportionate share of the net pension liability	<u>\$ 11,839,311</u>	<u>\$ 11,177,346</u>	<u>\$ 11,100,668</u>	<u>\$ 11,213,534</u>
Covered payroll	<u>\$ 5,556,366</u>	<u>\$ 5,319,998</u>	<u>\$ 5,496,066</u>	<u>\$ 6,005,321</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>213.08%</u>	<u>210.10%</u>	<u>201.97%</u>	<u>186.73%</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.

Rim of the World Unified 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>
CalSTRS			
Proportion of the net pension liability	<u>0.0288%</u>	<u>0.0286%</u>	<u>0.0270%</u>
Proportionate share of the net pension liability	<u>\$ 23,298,591</u>	<u>\$ 19,285,220</u>	<u>\$ 15,782,305</u>
State's proportionate share of the net pension liability	<u>13,263,472</u>	<u>10,199,755</u>	<u>9,530,037</u>
Total	<u><u>\$ 36,562,063</u></u>	<u><u>\$ 29,484,975</u></u>	<u><u>\$ 25,312,342</u></u>
Covered payroll	<u>\$ 14,107,950</u>	<u>\$ 13,065,529</u>	<u>13,409,089</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>165.15%</u>	<u>147.60%</u>	<u>117.70%</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
CalPERS			
Proportion of the net pension liability	<u>0.0492%</u>	<u>0.0502%</u>	<u>0.0518%</u>
Proportionate share of the net pension liability	<u>\$ 9,712,904</u>	<u>\$ 7,398,373</u>	<u>\$ 5,884,242</u>
Covered payroll	<u>\$ 6,007,259</u>	<u>\$ 5,549,393</u>	<u>5,449,773</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>161.69%</u>	<u>133.32%</u>	<u>107.97%</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.

Rim of the World Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CaISTRS				
Contractually required contribution	\$ 2,147,413	\$ 2,233,623	\$ 2,068,022	\$ 1,861,953
Less contributions in relation to the contractually required contribution	<u>2,147,413</u>	<u>2,233,623</u>	<u>2,068,022</u>	<u>1,861,953</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 13,296,675</u>	<u>\$ 13,062,123</u>	<u>\$ 12,702,838</u>	<u>\$ 12,903,347</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	\$ 1,172,775	\$ 1,095,771	\$ 960,898	\$ 853,594
Less contributions in relation to the contractually required contribution	<u>1,172,775</u>	<u>1,095,771</u>	<u>960,898</u>	<u>853,594</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,665,580</u>	<u>\$ 5,556,366</u>	<u>\$ 5,319,998</u>	<u>\$ 5,496,066</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.0620%</u>	<u>15.5310%</u>

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

Rim of the World Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaISTRS			
Contractually required contribution	\$ 1,776,881	\$ 1,513,783	\$ 1,160,219
Less contributions in relation to the contractually required contribution	<u>1,776,881</u>	<u>1,513,783</u>	<u>1,160,219</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 14,124,650</u>	<u>\$ 14,107,950</u>	<u>\$ 13,065,529</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS			
Contractually required contribution	\$ 834,019	\$ 711,680	\$ 653,219
Less contributions in relation to the contractually required contribution	<u>834,019</u>	<u>711,680</u>	<u>653,219</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,005,321</u>	<u>\$ 6,007,259</u>	<u>\$ 5,549,393</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 States 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.

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Change of Assumptions* – The discount rate changed from 2.20% to 2.16% since the previous measurement.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. 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 plan rate of investment return assumption was changed from 3.50% to 2.21% 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 plans' 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.

Rim of the World Unified 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 Treasury			
Passed Through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	\$ 1,779,251
Passed Through San Bernardino County Superintendent of Schools (SBCSS)			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	N/A	<u>136,380</u>
Subtotal			<u>1,915,631</u>
Total U.S. Department of Treasury			<u>1,915,631</u>
U.S. Department of Education			
Passed Through CDE			
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010	14329	751,131
	84.010	15438	<u>141,076</u>
Subtotal			<u>892,207</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	609,568
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	169,027
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	113,203
COVID CARES Act Supplemental Meal Reimbursement	84.425D	15535	<u>55,146</u>
Subtotal			<u>946,944</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	171,166
Title III, English Learner Student Program	84.365	14346	21,084
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	116,655
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	39,391
Passed Through East Valley Special Education Local Plan Area Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	606,612
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	34,042
Preschool Grants, Part B, Sec 619	84.173	13430	9,317
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>62</u>
Total Special Education Cluster			<u>650,033</u>
Total U.S. Department of Education			<u>2,837,480</u>

Rim of the World Unified 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 CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	\$ 562,142
Especially Needy Breakfast Program	10.553	13526	343,563
Commodities	10.555	13396	<u>82,104</u>
Total Child Nutrition Cluster			<u>987,809</u>
Passed Through San Bernardino County Superintendent of Schools			
Forest Service Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	<u>96,081</u>
Total U.S. Department of Agriculture			<u>1,083,890</u>
Total Federal Financial Assistance			<u><u>\$ 5,837,001</u></u>

ORGANIZATION

The Rim of the World Unified School District was established June 21, 1954 and consists of an area comprising approximately 110 square miles. The District operates three elementary schools, one intermediate school, one high school, and one continuation high school. There were boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Jordana Ridland	President	2022
Ms. William Mellinger	Member	2022
Mr. Jordan Zarate	Member	2024
Ms. Cindy Gardner	Member	2024
Dr. Natalie Lindemann	Member	2022

ADMINISTRATION

Michelle Murphy	Superintendent
Ms. Jennifer Haberlin	Chief Business Official

Rim of the World Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 8					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

Rim of the World Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Rim of the World Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund Revenues	\$ 45,524,626	\$ 42,931,731	\$ 38,610,827	\$ 40,831,337
Expenditures	41,968,675	39,871,433	37,778,914	39,686,848
Other uses and transfers out	100,000	-	98,516	146,655
Total expenditures and other uses	42,068,675	39,871,433	37,877,430	39,833,503
Increase in Fund Balance	3,455,951	3,060,298	733,397	997,834
Ending Fund Balance	\$ 16,976,999	\$ 13,521,048	\$ 10,460,750	\$ 9,727,353
Available Reserves ²	\$ 8,883,454	\$ 8,496,980	\$ 6,672,794	\$ 5,469,897
Available Reserves as a Percentage of Total Outgo	21.12%	21.31%	17.62%	13.73%
Long-Term Liabilities	N/A	\$ 70,235,817	\$ 69,226,089	\$ 71,123,971
K-12 Average Daily Attendance at P-2	2,552	2,917	2,917	3,028

The General Fund balance has increased by \$3,793,695 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$3,455,951 (25.6%). For a district this size, the State recommends available reserves of at least three of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have decreased by \$888,154 over the past two years.

Average daily attendance has decreased by 111 over the past two years. Additional decline of 365 ADA is anticipated 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 including all amounts reserved for economic uncertainties contained with the General Fund.

Rim of the World Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 590,049	\$ 3,071	\$ 3,824	\$ 2,443	\$ 522,415
Receivables	-	7	8	6	6,897
Due from other funds	-	-	249	-	-
Total assets	<u>\$ 590,049</u>	<u>\$ 3,078</u>	<u>\$ 4,081</u>	<u>\$ 2,449</u>	<u>\$ 529,312</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances					
Restricted	590,049	-	2,018	-	529,312
Assigned	-	3,078	2,063	2,449	-
Total fund balances	<u>590,049</u>	<u>3,078</u>	<u>4,081</u>	<u>2,449</u>	<u>529,312</u>
Total liabilities and fund balances	<u>\$ 590,049</u>	<u>\$ 3,078</u>	<u>\$ 4,081</u>	<u>\$ 2,449</u>	<u>\$ 529,312</u>

Rim of the World Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 147,623	\$ 213,721	\$ 1,783,280	\$ 4,057	\$ 3,270,483
Receivables	335	548	-	-	7,801
Due from other funds	-	-	-	-	249
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249</u>
Total assets	<u><u>\$ 147,958</u></u>	<u><u>\$ 214,269</u></u>	<u><u>\$ 1,783,280</u></u>	<u><u>\$ 4,057</u></u>	<u><u>\$ 3,278,533</u></u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	<u>\$ 101,300</u>	<u>\$ 196,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,499</u>
Fund Balances					
Restricted	46,658	-	1,783,280	4,057	2,955,374
Assigned	-	18,070	-	-	25,660
	<u>-</u>	<u>18,070</u>	<u>-</u>	<u>-</u>	<u>25,660</u>
Total fund balances	<u><u>46,658</u></u>	<u><u>18,070</u></u>	<u><u>1,783,280</u></u>	<u><u>4,057</u></u>	<u><u>2,981,034</u></u>
Total liabilities and fund balances	<u><u>\$ 147,958</u></u>	<u><u>\$ 214,269</u></u>	<u><u>\$ 1,783,280</u></u>	<u><u>\$ 4,057</u></u>	<u><u>\$ 3,278,533</u></u>

Rim of the World Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues					
Other State sources	\$ -	\$ -	\$ -	\$ -	\$ -
Other local sources	12,112	56	71	45	253,589
Total revenues	<u>12,112</u>	<u>56</u>	<u>71</u>	<u>45</u>	<u>253,589</u>
Expenditures					
Current					
Plant services	-	-	-	-	8,810
Ancillary services	37,883	-	-	-	-
Facility acquisition and construction	-	-	-	-	2,125
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	<u>37,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,935</u>
Net Change in Fund Balances	(25,771)	56	71	45	242,654
Fund Balance - Beginning, as restated	<u>615,820</u>	<u>3,022</u>	<u>4,010</u>	<u>2,404</u>	<u>286,658</u>
Fund Balance - Ending	<u>\$ 590,049</u>	<u>\$ 3,078</u>	<u>\$ 4,081</u>	<u>\$ 2,449</u>	<u>\$ 529,312</u>

Rim of the World Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
Revenues					
Other State sources	\$ -	\$ -	\$ 6,056	\$ -	\$ 6,056
Other local sources	3,473	5,542	1,545,176	39	1,820,103
Total revenues	3,473	5,542	1,551,232	39	1,826,159
Expenditures					
Current					
Plant services	29,720	-	-	-	38,530
Ancillary services	-	-	-	-	37,883
Facility acquisition and construction	134,543	402,366	-	-	539,034
Debt service					
Principal	-	-	490,000	-	490,000
Interest and other	-	-	951,281	-	951,281
Total expenditures	164,263	402,366	1,441,281	-	2,056,728
Net Change in Fund Balances	(160,790)	(396,824)	109,951	39	(230,569)
Fund Balance - Beginning, as restated	207,448	414,894	1,673,329	4,018	3,211,603
Fund Balance - Ending	\$ 46,658	\$ 18,070	\$ 1,783,280	\$ 4,057	\$ 2,981,034

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 Rim of the World Unified 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 Rim of the World Unified School District, it is not intended to and does not present the net position or change in net position and fund balance of Rim of the World Unified School 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 10% 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 no food commodities in inventory.

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 - Balance Sheet and 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rim of the World Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rancho Cucamonga, California
January 7, 2022

Opinion on Each Major Federal Program

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Rancho Cucamonga, California
January 7, 2022

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.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

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

Unmodified Opinion

In our opinion, Rim of the World Unified 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.

Rancho Cucamonga, California
January 7, 2022

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
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

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	84.010
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	21.019
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425D
COVID CARES Act Supplemental Meal Reimbursement	84.425C
	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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None reported.

None reported.

None reported.

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