

**Special Meeting of the
VALLECITO UNION SCHOOL DISTRICT
Governing Board
AGENDA**

Special Meeting agenda called by the Board President Pursuant to Government Code section 54956

**Wednesday, February 23, 2022
5:00 p.m.**

This meeting is being held only through remote teleconferencing in accordance with Government Code section 54953 and all other applicable provisions of the Brown Act. The links to access this virtual board meeting is provided below:

5:00 p.m. - Public Session (*time is approximate*)

*Video call link: <https://meet.google.com/str-suow-qnb>
Or dial: (US) +1 515-207-6474 PIN: 448 403 295#*

I. SPECIAL MEETING CALLED TO ORDER

II. ESTABLISHMENT OF QUORUM

III. OPEN SESSION
Pledge of Allegiance

Government Code Section 54954.3 provides that the public will have an opportunity to address the Board on any item described on a regular or special meeting either before or during the consideration of that item. The Board reserves the right to limit the time of presentation by individual and cumulative (BB 9323)

IV. REGULAR AGENDA ITEMS

A. BUSINESS / FINANCE

A.1. Review with Board's consideration to approve the 2021 Audit – Pg. 1
Motion: Second: Roll Call Vote:

B. PERSONNEL

B.1 Board's consideration to appoint Sarah Deplitch as Paraeducator – Special Ed at HFE effective March 1, 2022
Motion: Second: Roll Call Vote:

V. BOARD MEMBER INTERVIEWS – Tom Hoskins, Secretary to the Governing Board, will facilitate the Provisional Appointment process – Pg. 135

Governing Board's consideration and possible appointment of an individual from a group of individuals who submitted applications for the Provisional Appointment to the Governing Board pursuant to Education Code section 5091. The person selected as the Provisional Appointee shall serve until the first Friday in December of 2022, unless a Special Election is called for pursuant to Education Code section 5091, subdivision (c)(1), following notice to the public of the Provisional Appointment

Motion: Second: Roll Call Vote:

VI. ADJOURNMENT

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the Board meeting room, to access written documents being discussed at the Board meeting, or to otherwise participate at Board meetings, please contact the Board Secretary Cheryl Boyd at 209-795-8503 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Board meeting and to provide any required accommodations, auxiliary aids or services.

Documents provided to a majority of the Governing Board regarding an open session item on this agenda will be made available for public inspection in the District Office located at 4545 B Moran Road, Avery, CA during normal business hours. In addition, such writings and documents may be posted on the district's website at: www.vallecitok12.com



February 17, 2022

To the Governing Board
Vallecito Union School District
San Jose, California

We have audited the financial statements of Vallecito Union School District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 17, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and our Compliance Audit under the Uniform Guidance

As communicated in our engagement letter dated May 18, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances 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, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated February 17, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 17, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. The District implemented the requirements of GASB Statement No. 84, Fiduciary Activities. As a result of adopting GASB 84, the District reclassified the presentation of its Associated Student Body (ASB) agency fund from Fiduciary Fund type to Special Revenue Fund type. Other than mentioned, no other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all determined based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which utilized projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the

District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Total OPEB liability, related deferred outflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to Total Other Postemployment Benefits (OPEB) Liability and CalPERS and CalSTRS Employee Retirement Systems.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There is no such misstatement in the current year.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated February 17, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Notes 1 and Notes 13 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, I Fiduciary Activities, which has resulted in a restatement of the net position (deficit) and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

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Menlo Park, California



Annual Financial Report
June 30, 2021

Vallecito Union School District



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Independent Auditor's Report

Governing Board
Vallecito Union School District
Avery, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 13 to the financial statements, Vallecito Union School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated on our consideration of Vallecito Union 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 Vallecito Union 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 Vallecito Union School District's internal control over financial reporting and compliance.

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

Menlo Park, California
February 17, 2022

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The discussion and analysis of Vallecito Union School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021, with comparative information for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements, and notes to the basic financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

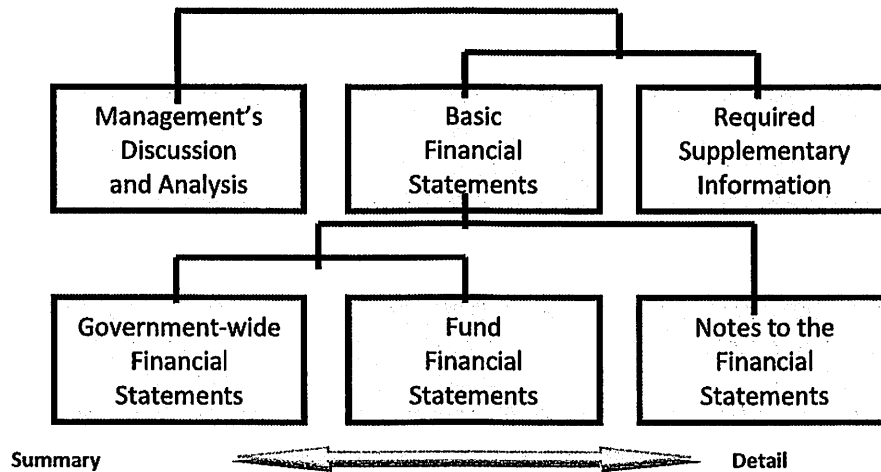
Financial Highlights

- General Fund revenue and other sources exceeded expenditures and other uses by \$569,317 ending the year with available reserves of \$2,855,495, meeting the State recommended reserve level of four percent.
- The total of the District's capital assets, land, site, buildings and equipment, valued on an acquisition cost basis was \$28.8 million. After depreciation, the June 30, 2021 book value for capital assets totaled \$16,485,536.
- In complying with GASB 68, the District recognized its portion of the unfunded CalSTRS and CalPERS pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. Recognizing the liabilities decreased the June 30, 2014 total net position on the Statement of Net Position by \$5,097,663. Since GASB 68, the District's portion of the unfunded CalSTRS and CalPERS pension liability increased annually to \$8,573,746 in 2020-2021 and is reported in the Statement of Net Position.
- In complying with GASB 75, the District recognized additional OPEB liability in the amount of \$801,438 in 2017-2018. The implementation decreased its beginning net position on the Statement of Net Position in 2017-2018. In fiscal year 2020-2021, the District's portion of the unfunded OPEB liability is \$526,088.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Vallecito Union School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Components of the Financial Section



The first two statements are district-wide financial statements, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

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

Reporting the School 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 of resources, liabilities, and deferred inflows of resources 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 provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2020-2021?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

- **Governmental Funds**

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Bond Interest and Redemption Fund and the Capital Facilities Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Financial Analysis of the Government-Wide Statements

The School District as a Whole

The District's net position had a deficit of \$0.89 million on June 30, 2021. Net investment in capital assets, amount to positive \$1.05 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

(Table 1)
Comparative Statement of Net Position

	Governmental Activities		Changes
	2021	2020 Restated	2021-2020
Assets			
Current and other assets	\$ 7,699,002	\$ 13,868,321	-44.5%
Capital assets	16,485,536	8,320,629	98.1%
Total assets	<u>24,184,538</u>	<u>22,188,950</u>	9.0%
Deferred outflows of resources	<u>2,261,550</u>	<u>2,401,397</u>	-5.8%
Liabilities			
Current liabilities	950,407	1,557,744	-39.0%
Long-term liabilities	<u>25,466,662</u>	<u>23,201,340</u>	9.8%
Total liabilities	<u>26,417,069</u>	<u>24,759,084</u>	6.7%
Deferred inflows of resources	<u>919,364</u>	<u>989,996</u>	-7.1%
Net Position			
Net investment in capital assets	1,047,413	975,072	7.4%
Restricted	1,520,840	1,518,641	0.1%
Unrestricted	<u>(3,458,598)</u>	<u>(3,641,446)</u>	-5.0%
Total net position (deficit)	<u>\$ (890,345)</u>	<u>\$ (1,147,733)</u>	-22.4%

The implementation of GASB 68 and 75 in fiscal years ended June 30, 2015 and 2018, respectively, resulted in a deficit net position. Total pension and OPEB liability and related deferred outflows and inflows amounted to \$7.8 million as of June 30, 2021.

The District's net position decreased \$257,388 this fiscal year (see Table 1). The District's expenses for instructional and pupil services represented 75% of total expenses. The purely administrative activities of the District accounted for just 9% of total costs. The remaining 16% was spent in the areas of plant services, interest on long-term debt, depreciation and other outgo. (See Figure 2).

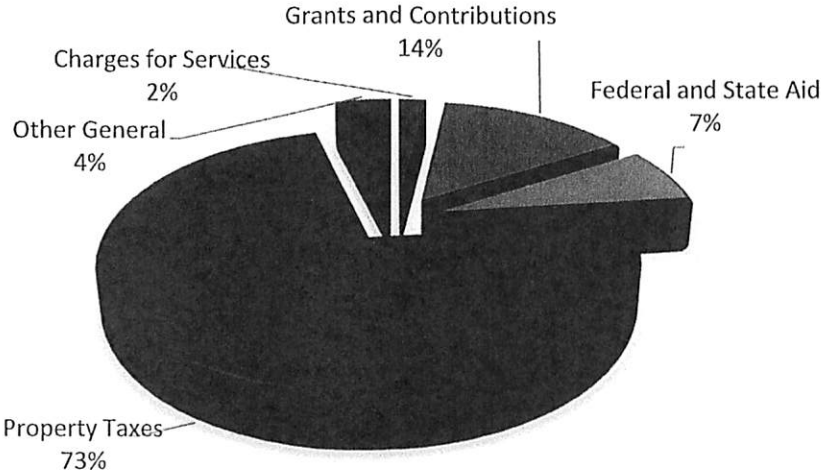
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities		Changes
	2021	2020*	2021-2020
Revenues			
Program revenues			
Charges for services	\$ 238,639	\$ 143,628	66.2%
Operating grants and contributions	1,594,438	833,961	91.2%
General revenues			
Federal and State aid not restricted	781,578	768,443	1.7%
Property taxes	8,184,666	7,591,099	7.8%
Other general revenues	357,868	992,684	-63.9%
Total revenues	11,157,189	10,329,815	8.0%
Expenses			
Instruction-related	6,914,267	6,200,437	11.5%
Pupil services	1,274,910	1,214,323	5.0%
Administration	994,440	953,117	4.3%
Plant services	1,028,463	949,580	8.3%
All other services	687,721	557,493	23.4%
Total expenses	10,899,801	9,874,950	10.4%
Change in net position	\$ 257,388	\$ 454,865	-43.4%

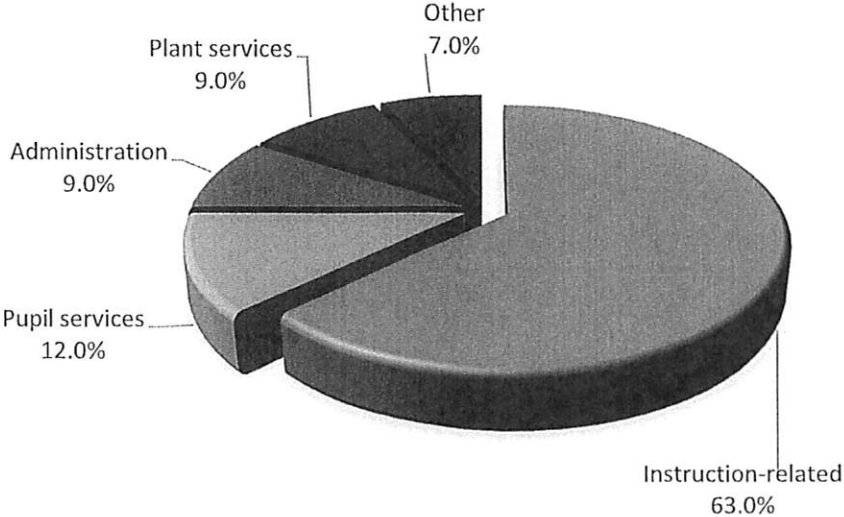
* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$10.9 million. The amount that our local taxpayers financed for these activities through property taxes was \$8.2 million. Federal and State aid not restricted to specific purposes totaled \$0.8 million. Program revenues totaled over \$1.8 million and covered 16% of the expenses of the entire District (see Figure 1). Add wording to discuss the economic factors that significantly affected operating results for revenues, expenses and changes from the prior year.

(Figure 1)
Sources of Revenue for the 2020-2021 Fiscal Year



(Figure 2)
Expenses for the 2020-2021 Fiscal Year



Financial Analysis of the Fund Statements

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$7.70 million, a decrease of \$5.22 million from the previous fiscal year's combined ending balance.

General Fund Budgetary Highlights

Over the course of the year, the District revises the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The District ended the year with an increase of \$536 thousand to the General Fund ending balance. The State recommends an ending reserve for economic uncertainties of 4%. The District's ending available reserve was 33.7%, which included the reserve for economic uncertainties.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had \$16.5 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$8.2 million, or 98.1%, from last year (See Table 3).

(Table 3)
Comparative Schedule of Capital Assets
(net of depreciation)

	Governmental Activities		Changes
	2021	2020	2021-2020
Land and construction in progress	\$ 2,008,078	\$ 4,192,747	\$ (2,184,669)
Land improvements	-	42,181	(42,181)
Buildings and improvements	14,448,481	4,055,583	10,392,898
Equipment	28,977	30,118	(1,141)
Total	\$ 16,485,536	\$ 8,320,629	\$ 8,164,907

This year's additions of \$8.2 million included school modernization and improvements. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$25.5 million in long-term debt outstanding versus \$23.2 million last year, an increase of 9.76%. Those long-term debts consisted of:

**(Table 4)
 Comparative Schedule of Outstanding Debt**

	Governmental Activities		Changes
	2021	2020	2021-2020
General obligation bonds	\$ 13,993,797	\$ 11,902,403	\$ 2,091,394
Unamortized premium	477,148	-	477,148
General obligation bond accretion	1,850,863	2,642,257	(791,394)
Compensated absences	45,020	33,993	11,027
OPEB liability	526,088	824,044	(297,956)
Net pension liability	8,573,746	7,798,643	775,103
Total	\$ 25,466,662	\$ 23,201,340	\$ 2,265,322

The general obligation bonds paid by the District was \$1.5 million in 2020-2021.

Factors Bearing on the District's Future

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. The formula is intended to make funding more transparent and simple. With the new flexibility also come new requirements for accountability. The Local Control Accountability Plan (LCAP) is mandated and must be aligned and adopted with the District's 2020-2021 budget. The LCAP is expected to describe how the District intends to meet annual goals for all pupils, with specific activities to address state and local priorities identified during the LCAP development process.

The new funding structure has no statutory cost of living allowance built into it and relies solely on the annual budget process at the legislative level.

However, even within the new funding formula, the District remains a community funded or "basic aid" district. The bulk of District funding comes from local property tax revenues and those revenues exceed the targeted funding level of the LCFF. In addition, the "fair share" reduction is held over from the previous revenue limit formula as cuts in state aid for Community Funded districts have not been restored.

As the state closes the gap between current funding levels and the target, the amount allocated to supplemental/concentration grants and the tax-in-lieu transfer to charter schools will increase with no guarantee of added income to offset those increases.

Planning for the "out years" will be much more difficult and volatile under the LCFF funding formula, thereby creating a need for a larger reserve than past years.

Future predictions and uncertainties with the changes to the State funding formula, enrollment and aging District facilities require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation increases over the next several years.

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 Gretchen McReynolds, Business Manager, P.O. Box 329, Avery, California, 95224 or call at (209) 795-8502.

Vallecito Union School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 7,349,517
Receivables	349,485
Capital assets not depreciated	2,008,078
Capital assets, net of accumulated depreciation	14,477,458
Total assets	24,184,538
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	101,772
Deferred outflows of resources related to pensions	2,159,778
Total deferred outflows of resources	2,261,550
Liabilities	
Accounts payable	178,816
Interest payable	605,807
Unearned revenue	165,784
Long-term liabilities other than OPEB and pensions	
Due within one year	1,282,513
Due in more than one year	15,084,315
Total other postemployment benefits liabilities (OPEB)	526,088
Aggregate net pension liabilities	8,573,746
Total liabilities	26,417,069
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	460,859
Deferred inflows of resources related to pensions	458,505
Total deferred inflows of resources	919,364
Net Position	
Net investment in capital assets	1,047,413
Restricted for	
Debt service	1,091,863
Capital projects	239,478
Educational programs	-
Food service	47,235
Student activities	142,264
Unrestricted	(3,458,598)
Total net position	\$ (890,345)

Vallecito Union 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	Revenues Governmental Activities
Governmental Activities				
Instruction	\$ 5,662,122	\$ 54,654	\$ 917,380	\$ (4,690,088)
Instruction-related activities				
Supervision of instruction	75,648	-	58,412	(17,236)
Instructional library, media, and technology	144,817	-	7,718	(137,099)
School site administration	1,031,680	-	37,629	(994,051)
Pupil services				
Home-to-school transportation	361,502	-	-	(361,502)
Food services	317,893	37,944	179,602	(100,347)
All other pupil services	595,515	-	311,744	(283,771)
Administration				
Data processing	40,922	-	-	(40,922)
All other administration	953,518	105	1,063	(952,350)
Plant services	1,028,463	145,936	78,288	(804,239)
Ancillary services	88,350	-	29	(88,321)
Interest on long-term liabilities	391,395	-	-	(391,395)
Other outgo	207,976	-	2,573	(205,403)
Total governmental activities	<u>\$ 10,899,801</u>	<u>\$ 238,639</u>	<u>\$ 1,594,438</u>	<u>(9,066,724)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				6,972,262
Property taxes, levied for debt service				1,212,404
Federal and State aid not restricted to specific purposes				781,578
Interest and investment earnings				1,028,740
Miscellaneous				<u>(670,872)</u>
Total general revenues and transfers				<u>9,324,112</u>
Change in Net Position				257,388
Net Position (deficit) - Beginning, as restated				<u>(1,147,733)</u>
Net Position (Deficit) - Ending				<u>\$ (890,345)</u>

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 4,198,444	\$ 883,685	\$ 1,697,670	\$ 569,718	\$ 7,349,517
Receivables	335,409	-	-	14,076	349,485
Total assets	\$ 4,533,853	\$ 883,685	\$ 1,697,670	\$ 583,794	\$ 7,699,002
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 169,452	\$ -	\$ -	\$ 9,364	\$ 178,816
Total liabilities	335,236	-	-	9,364	344,600
Fund Balances					
Nonspendable	3,000	-	-	-	3,000
Restricted	308,422	883,685	1,697,670	367,314	3,257,091
Assigned	1,031,700	-	-	207,116	1,238,816
Unassigned	2,855,495	-	-	-	2,855,495
Total fund balances	4,198,617	883,685	1,697,670	574,430	7,354,402
Total liabilities and fund	\$ 4,533,853	\$ 883,685	\$ 1,697,670	\$ 583,794	\$ 7,699,002

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

Total Fund Balance - Governmental Funds		\$ 7,354,402
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 28,846,848	
Accumulated depreciation is	<u>(12,361,312)</u>	
Net capital assets		16,485,536
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.		
		(605,807)
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		
Other postemployment benefits (OPEB)	101,772	
Net pension liability	<u>2,159,778</u>	
Total deferred outflows of resources		2,261,550
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		
Other postemployment benefits (OPEB)	(460,859)	
Net pension liability	<u>(458,505)</u>	
Total deferred inflows of resources		(919,364)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(8,573,746)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(526,088)
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		
General obligation bonds	(13,993,797)	
Unamortized premiums	(477,148)	
Compensated absences (vacations)	(45,020)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(1,850,863)</u>	
Total long-term liabilities		<u>(16,366,828)</u>
Total net position - governmental activities		<u>\$ (890,345)</u>

See Notes to Financial Statements

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	\$ 7,631,775	\$ -	\$ -	\$ -	\$ 7,631,775
Federal sources	836,541	-	-	153,523	990,064
Other State sources	665,958	-	-	10,877	676,835
Other local sources	28,460	(120,970)	1,209,976	491,761	1,609,227
Total revenues	9,162,734	(120,970)	1,209,976	656,161	10,907,901
Expenditures					
Current					
Instruction	4,793,703	-	-	-	4,793,703
Instruction-related activities					
Supervision of instruction	63,778	-	-	-	63,778
Instructional library, media, and technology	125,474	-	-	-	125,474
School site administration	866,769	-	-	-	866,769
Pupil services					
Home-to-school transportat	296,657	-	-	-	296,657
Food services	-	-	-	282,278	282,278
All other pupil services	549,634	-	-	-	549,634
Administration					
Data processing	15,176	-	-	-	15,176
All other administration	858,117	-	-	-	858,117
Plant services	846,447	-	-	68,343	914,790
Ancillary services	1,126	-	-	87,070	88,196
Other outgo	61,536	-	-	-	61,536
Capital outlays	-	8,938,448	-	1,080	8,939,528
Debt service					
Principal	-	-	1,500,000	-	1,500,000
Interest and other	-	56,000	3,224	-	59,224
Total expenditures	8,478,417	8,994,448	1,503,224	438,771	19,414,860
Excess (Deficiency) of Revenues Over Expenditures	684,317	(9,115,418)	(293,248)	217,390	(8,506,959)
Other Financing Sources (Uses)					
Transfers in	-	-	-	115,000	115,000
Bond proceeds	-	2,800,000	486,986	-	3,286,986
Transfers out	(115,000)	-	-	-	(115,000)
Net Financing Sources (Uses)	(115,000)	2,800,000	486,986	115,000	3,286,986
Net Change in Fund Balances	569,317	(6,315,418)	193,738	332,390	(5,219,973)
Fund Balance - Beginning, as restated	3,629,300	7,199,103	1,503,932	242,040	12,574,375
Fund Balance - Ending	\$ 4,198,617	\$ 883,685	\$ 1,697,670	\$ 574,430	\$ 7,354,402

See Notes to Financial Statements

Vallecito Union 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 \$ (5,219,973)

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

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

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

Depreciation expense	\$ (773,541)
Capital outlays	<u>8,938,448</u>

Net expense adjustment	8,164,907
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (11,027)

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. (599,040)

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. 41,678

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (2,800,000)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	(486,986)
Premium amortization	9,838

Vallecito Union 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

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	708,606
General obligation bonds accreted interest	791,394

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.

(342,009)

Change in net position of governmental activities

\$ 257,388

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Vallecito Union School District (District) was organized/unified under the laws of the State of California. The District operates under a locally elected 5 member Board form of government and provides educational services to grades kindergarten - eighth as mandated by the State and/or Federal agencies. The District operates 2 elementary and 1 middle 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 Vallecito Union School District, this includes general operations, food service and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement no. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it was part of the District's operations.

The Calaveras County School Financing Authority (Authority) was formed under the "Joint Powers Law" pursuant to a Joint Powers Agreement, dated January 1, 1994, for purposes of assisting its members in financing capital improvements. The original members of the Authority were Calaveras Unified School District and the Calaveras County Office of Education. The District was accepted and became a member of the Authority on March 16, 1995.

The Authority has a financial and operational relationship with the District. The financial activities of the Authority, which specifically relate to the Bret Harte Union High School District, have been included in the financial statements of the District as the Debt Service Fund for Blended Component Units.

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 has only governmental funds.

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

Major Governmental Funds

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

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$979,990.

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.

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

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

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.

- **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).

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 approving a development (*Education Code* Sections 17620-17626). 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).
- **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).

Basis of Accounting - Measurement Focus

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

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and 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 function 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 and proprietary 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 the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are levied. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Cash and Cash Equivalents

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

Investments

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

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.

Capital Assets and Depreciation

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the 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.

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$45,020. The compensated absences will be paid by the fund for which the employee worked.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental 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. Long-term liabilities are not recognized as liabilities in governmental funds but are disclosed in the notes to financial statements. Debt service expenditures, including principal and interest, from bonds, capital leases or other long-term loans, are recognized as expenditures in the governmental fund financial statements when paid.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs 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 and discounts, 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 differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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 deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Postemployment Benefits Other Than Pensions (OPEB)

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.

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.

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures or revenue shortfalls of an emergency nature. The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

Net Position

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

Interfund Activity

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

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 Calaveras bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of June 30, 2021, 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 establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances 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 13.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.

- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified as governmental funds and consist of the following:

Cash with fiscal agent	\$	93,305
Cash in bank		157,138
Cash in revolving		3,000
Cash awaiting deposit		20,900
Investments with county treasurer		<u>7,075,174</u>
 Total deposits and investments	 \$	 <u><u>7,349,517</u></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 amortized cost which approximates 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. The pool is not registered with Security Exchange Commission (SEC).

General Authorizations

Limitations as they relate to interest rate 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, but the District adheres to the California Government Code as summarized above. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's deposits with the County Treasurer at June 30, 2021 approximates cost, and the weighted average life of pool investments was 1.18 years.

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 in County Pool is not required to be rated, nor has it been rated as of June 30, 2021.

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. As of June 30, 2021, all the District's deposits are within federal depository insurance coverage.

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	Non-Major Governmental Funds	Total
Federal Government Categorical aid	\$ 178,889	\$ 13,106	\$ 191,995
State Government Categorical aid	-	970	970
Local Government Other local sources	156,520	-	156,520
Total	\$ 335,409	\$ 14,076	\$ 349,485

Note 4 - Interfund Transactions

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

The General Fund transferred to the Cafeteria Non-Major Governmental Fund to cover deficit spending	\$ 85,000
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to support the programs.	<u>30,000</u>
Total	<u><u>\$ 115,000</u></u>

Note 5 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 320,046	\$ -	\$ -	\$ 320,046
Construction in progress	<u>3,872,701</u>	<u>8,938,448</u>	<u>(11,123,117)</u>	<u>1,688,032</u>
Total capital assets not being depreciated	<u>4,192,747</u>	<u>8,938,448</u>	<u>(11,123,117)</u>	<u>2,008,078</u>
Capital assets being depreciated				
Land improvements	2,768,875	-	-	2,768,875
Buildings and improvements	12,034,110	11,123,117	-	23,157,227
Furniture and equipment	<u>912,668</u>	<u>-</u>	<u>-</u>	<u>912,668</u>
Total capital assets being depreciated	<u>15,715,653</u>	<u>11,123,117</u>	<u>-</u>	<u>26,838,770</u>
Total capital assets	<u>19,908,400</u>	<u>20,061,565</u>	<u>(11,123,117)</u>	<u>28,846,848</u>
Accumulated depreciation				
Land improvements	2,726,694	42,181	-	2,768,875
Buildings and improvements	7,978,527	730,219	-	8,708,746
Furniture and equipment	<u>882,550</u>	<u>1,141</u>	<u>-</u>	<u>883,691</u>
Total accumulated depreciation	<u>11,587,771</u>	<u>773,541</u>	<u>-</u>	<u>12,361,312</u>
Governmental activities				
Capital assets, net	<u><u>\$ 8,320,629</u></u>	<u><u>\$19,288,024</u></u>	<u><u>\$ (11,123,117)</u></u>	<u><u>\$ 16,485,536</u></u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 422,940
Supervision of instruction	5,627
Instructional library, media, and technology	11,070
School site administration	76,473
Home-to-school transportation	26,174
Food services	24,905
All other pupil services	48,493
Data processing	1,339
All other administration	75,710
Plant services	80,710
Ancillary services	100
Total depreciation expenses governmental activities	\$ 773,541

Note 6 - Accounts Payable

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

	General Fund	Non-Major	Total
Vendor payables	\$ 169,452	\$ 9,364	\$ 178,816

Note 7 - Long-Term Liabilities Other Than Pension and OPEB

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	\$ 11,902,403	\$ 2,800,000	\$ 708,606	\$ 13,993,797	\$ 369,339
GOB accreted interest	2,642,257	-	791,394	1,850,863	865,660
Unamortized premiums	-	486,986	9,838	477,148	29,514
Compensated absences	33,993	24,624	13,597	45,020	18,000
Total	\$ 14,578,653	\$ 3,311,610	\$ 1,523,435	\$ 16,366,828	\$ 1,282,513

Payments on the general obligation bonds (GOB) are made by the Bond Interest and Redemption Fund with local revenues.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued/ Accreted	Refunded/ Redeemed	Bonds Outstanding June 30, 2021
Principal							
1998	2023	3.65-5.20%	\$ 5,443,053	\$ 1,106,524	\$ -	\$ 363,606	\$ 742,918
2019	2023	1.90%	10,795,879	10,795,879	-	-	10,795,879
2020	2037	0.35-4.00%	2,800,000	-	2,800,000	345,000	2,455,000
Accreted interest to-date							
1998	2023	3.65-5.20%	2,598,476	2,408,346	-	791,394	1,616,952
2019	2023	1.90%	659,121	233,911	-	-	233,911
				<u>\$ 14,544,660</u>	<u>\$ 2,800,000</u>	<u>\$ 1,500,000</u>	<u>\$ 15,844,660</u>

Debt Service Requirements to Maturity

The bonds mature through 2023 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ 369,339	\$ 803,849	\$ 1,173,188	\$ 61,811	\$ 1,234,999
2023	11,169,458	1,047,014	12,216,472	553,529	12,770,001
Total	<u>\$ 11,538,797</u>	<u>\$ 1,850,863</u>	<u>\$ 13,389,660</u>	<u>\$ 615,340</u>	<u>\$ 14,005,000</u>

The current interest bonds mature as follows:

Bonds Maturing Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 92,151	\$ 92,151
2023	-	98,200	98,200
2024	150,000	95,200	245,200
2025	165,000	88,900	253,900
2026	180,000	82,000	262,000
2027-2031	755,000	307,100	1,062,100
2032-2036	800,000	165,800	965,800
2037-2038	405,000	16,300	421,300
Total	<u>\$ 2,455,000</u>	<u>\$ 945,651</u>	<u>\$ 3,400,651</u>

Note 8 - Total Other Post Employment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 526,088	\$ 101,772	\$ 460,859	\$ 45,137

The detail of the District Plan is as follows:

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. Board designated amount of the plan is presented in these financial statements as the assigned fund balance in the General Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted only 50 active employees.

Benefits Provided

The Plan provides health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service until the age of 65. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. The District offers medical insurance and prescription drug benefits to its employees and retirees through California's Valued Trust (CVT), a jointly managed trust, on a pooled, self-insurance basis. A separate three-tiered rate structure applies to retirees under the age of 65. Four medical and prescription drug options are offered to each retiree group as follows: Blue Cross PPO options 1A, 4A, 6A and 8A. Dental and vision coverage are also provided through CVT. For the measurement period of June 30, 2021, the District contributed \$86,815 to the Plan, all of the amount was used to pay for the current year premium.

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	2.50 %
Salary increases	2.75 %
Investment rate of return	2.20 %
Healthcare cost trend rates	4.00 %

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

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. 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, 2018 to June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2019	<u>\$ 824,044</u>
Service cost	70,045
Interest	25,921
Differences between expected and actual experience	(60,128)
Changes of assumptions or other inputs	(246,266)
Benefit payments	<u>(87,528)</u>
Net change in total OPEB liability	<u>(297,956)</u>
Balance, June 30, 2020	<u><u>\$ 526,088</u></u>

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

The following presents the net/total OPEB liability of the District, as well as what the District's net/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 (2.13% decreasing to 1.20%)	\$ 558,979
Current discount rate (3.13% decreasing to 2.20%)	526,088
1% increase (4.13% decreasing to 3.20%)	493,990

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 (4.00% decreasing to 3.00%)	\$ 466,192
Current healthcare cost trend rate (5.00% decreasing to 4.00%)	526,088
1% increase (6.00% decreasing to 5.00%)	596,014

Total OPEB Liability and OPEB Expense

For the year ended June 30, 2021, the District recognized OPEB expense of \$45,137. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 86,815	\$ -
Differences between expected and actual experience	-	230,797
Changes of assumptions	14,957	230,062
Total	\$ 101,772	\$ 460,859

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (50,829)
2023	(50,829)
2024	(50,829)
2025	(50,829)
2026	(50,829)
Thereafter	(191,757)
Total	\$ (445,902)

Note 9 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Restricted					
Food service	-	-	-	47,235	47,235
Capital projects	61,663	883,685	-	177,815	1,123,163
Debt services	-	-	1,697,670	-	1,697,670
Student activities	-	-	-	142,264	142,264
Total restricted	308,422	883,685	1,697,670	367,314	3,257,091
Assigned					
Sciences Adptions	113,373	-	-	-	113,373
OPEB	783,529	-	-	-	783,529
Capital project	134,798	-	-	207,116	341,914
Total assigned	1,031,700	-	-	207,116	1,238,816
Unassigned					
Reserve for economic uncertainties	2,855,495	-	-	-	2,855,495
Total	\$ 4,198,617	\$ 883,685	\$ 1,697,670	\$ 574,430	\$ 7,354,402

Note 10 - 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 fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 5,105,806	\$ 1,459,290	\$ 363,994	\$ 707,833
CalPERS	3,467,940	700,488	94,511	673,624
Total	<u>\$ 8,573,746</u>	<u>\$ 2,159,778</u>	<u>\$ 458,505</u>	<u>\$ 1,381,457</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: www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$442,435.

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

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

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 5,105,806
State's proportionate share of the net pension liability	<u>2,632,044</u>
Total	<u><u>\$ 7,737,850</u></u>

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.0053 percent and 0.0053 percent, resulting in a net change in the proportionate share of 0.0000 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$707,833. In addition, the District recognized pension expense and revenue of \$368,723 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 442,435	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	388,673	220,002
Differences between projected and actual earnings on pension plan investments	121,284	-
Differences between expected and actual experience in the measurement of the total pension liability	9,009	143,992
Changes of assumptions	497,889	-
Total	\$ 1,459,290	\$ 363,994

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 are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (74,007)
2022	41,324
2023	82,445
2024	71,522
Total	\$ 121,284

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

The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 152,711
2022	137,164
2023	176,668
2024	19,011
2025	51,118
Thereafter	(5,095)
Total	\$ 531,577

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, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 7,714,162
Current discount rate (7.10%)	5,105,806
1% increase (8.10%)	2,952,241

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. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions 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 \$339,982.

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 \$3,027,564. The net pension liability was measured as of June 30, 2021. 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 0.0113 percent and 0.0104 percent, resulting in a net increase in the proportionate share of 0.0009 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$464,660. 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	\$ 339,982	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	103,598	94,511
Differences between projected and actual earnings on pension plan investments	72,192	-
Differences between expected and actual experience in the measurement of the total pension liability	171,999	-
Changes of assumptions	12,717	-
	<u>\$ 700,488</u>	<u>\$ 94,511</u>
Total	<u>\$ 700,488</u>	<u>\$ 94,511</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 are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (27,015)
2023	24,098
2024	41,884
2025	33,225
	<u>72,192</u>
Total	<u>\$ 72,192</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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 67,326
2023	73,259
2024	48,630
2025	4,588
Total	\$ 193,803

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, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 4,985,796
Current discount rate (7.15%)	3,467,940
1% increase (8.15%)	2,208,196

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use social security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension 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 \$368,723 for fiscal year ending June 30, 2021, respectively (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded on the financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2020–2021 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions have been recorded in these financial statements.

Note 11 - 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.

Note 12 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District participates in a joint venture under joint powers agreement, the Tuolumne Joint Powers Authority (JPA) for workers' compensation and property and liability. The relationships between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges and provides for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including is a member of three joint powers agreements (JPAs) with Tuolumne Joint Powers Authority (JPA) for property and liability insurance and workers' compensation insurance, and Calaveras County Office of Education for long-term financing. The relationship between the District and the JPA is such that the JPA not component unit of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the boards. Each member district pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionately to their participation in each JPA. During the year ended June 30, 2021, the District made payments of \$169,700.

Note 13 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the 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 (deficit).

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 141,055	\$ 12,473,390
Reclassification of student activity funds from agency funds to a special revenue fund	100,985	100,985
Fund Balance - Beginning as Restated June 30, 2020	\$ 242,040	\$ 12,574,375
Governmental Activities		
Beginning Net Position (Deficit) Governmental Activity previously reported at June 30, 2020		\$ (1,248,718)
Reclassification of student activity funds from agency funds to a special revenue fund		100,985
Net Position (Deficit) - Beginning as Restated		\$ (1,147,733)

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Required Supplementary Information
June 30, 2021

Vallecito Union School District

Vallecito Union 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	\$ 7,173,465	\$ 7,549,475	\$ 7,631,775	\$ 82,300
Federal sources	283,000	825,595	836,541	10,946
Other State sources	392,452	442,345	665,958	223,613
Other local sources	60,000	133,140	26,386	(106,754)
Total revenues	<u>7,908,917</u>	<u>8,950,555</u>	<u>9,160,660</u>	<u>210,105</u>
Expenditures				
Current				
Certificated salaries	2,839,580	3,125,937	3,047,120	78,817
Classified salaries	1,718,086	1,910,478	1,625,403	285,075
Employee benefits	1,925,557	2,050,636	1,931,031	119,605
Books and supplies	547,212	935,538	760,093	175,445
Services and operating expenditures	1,057,429	1,103,844	1,053,234	50,610
Other outgo	20,001	46,927	61,536	(14,609)
Total expenditures	<u>8,107,865</u>	<u>9,173,360</u>	<u>8,478,417</u>	<u>694,943</u>
Excess (Deficiency) of Revenues Over Expenditures	(198,948)	(222,805)	682,243	905,048
Other Financing Sources (Uses) Transfers out	<u>(66,444)</u>	<u>(66,444)</u>	<u>(146,440)</u>	<u>(79,996)</u>
Net Change in Fund Balances	(265,392)	(289,249)	535,803	825,052
Fund Balance - Beginning	<u>2,682,824</u>	<u>2,682,824</u>	<u>2,682,824</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,417,432</u>	<u>\$ 2,393,575</u>	3,218,627	<u>\$ 825,052</u>
Deferred Maintenance Fund			61,663	
Special Reserve Fund - Other Than Capital Outlay			134,798	
Special Reserve Fund - Postemployment Benefits			<u>783,529</u>	
			<u>\$ 4,198,617</u>	

Vallecito Union 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	\$ 70,045	\$ 66,024	\$ 68,002	\$ 58,224
Interest	25,921	28,917	29,822	28,517
Difference between expected and actual experience	(60,128)	-	(265,705)	-
Changes of assumptions	(246,266)	19,783	(3,094)	-
Benefit payments	(87,528)	(46,539)	(51,463)	(38,764)
Net change in total OPEB liability	(297,956)	68,185	(222,438)	47,977
Total OPEB Liability - Beginning	824,044	755,859	978,297	930,320
Total OPEB Liability - Ending	<u>\$ 526,088</u>	<u>\$ 824,044</u>	<u>\$ 755,859</u>	<u>\$ 978,297</u>
Covered Employee Payroll	4,511,178	4,511,178	4,293,426	3,077,860
Total OPEB Liability as a Percentage of Covered Employee Payroll	11.66%	18.27%	17.61%	31.78%
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.

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0053%	0.0053%	0.0047%	0.0050%	0.0049%	0.0052%	0.0050%
Proportionate share of the net pension liability	\$ 5,105,806	\$ 4,771,079	\$ 4,311,029	\$ 4,594,845	\$ 3,987,536	\$ 3,513,206	\$ 2,921,850
State's proportionate share of the net pension liability	2,632,044	2,602,942	2,468,266	2,718,271	2,270,033	1,858,099	1,869,053
Total	<u>\$ 7,737,850</u>	<u>\$ 7,374,021</u>	<u>\$ 6,779,295</u>	<u>\$ 7,313,116</u>	<u>\$ 6,257,569</u>	<u>\$ 5,371,305</u>	<u>\$ 4,790,903</u>
Covered payroll	<u>\$ 2,856,456</u>	<u>\$ 2,867,817</u>	<u>\$ 2,487,066</u>	<u>\$ 2,679,082</u>	<u>\$ 2,422,083</u>	<u>2,376,485</u>	<u>2,376,479</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	179%	166%	173%	172%	165%	148%	123%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	74%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.0113%	0.0104%	0.0106%	0.0121%	0.0117%	0.0113%	0.0121%
Proportionate share of the net pension liability	<u>\$ 3,467,940</u>	<u>\$ 3,027,564</u>	<u>\$ 2,825,574</u>	<u>\$ 2,890,069</u>	<u>\$ 2,308,996</u>	<u>\$ 1,669,836</u>	<u>\$ 1,373,645</u>
Covered payroll	<u>\$ 1,639,848</u>	<u>\$ 1,434,473</u>	<u>\$ 1,399,884</u>	<u>\$ 1,541,777</u>	<u>\$ 1,254,282</u>	<u>1,287,631</u>	<u>1,287,406</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	211%	211%	202%	187%	184%	130%	107%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

See Notes to Required Supplementary Information

Vallecito Union School District
Schedule of the District's Pension Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 442,435	\$ 488,454	\$ 466,307	\$ 359,381	\$ 186,732	\$ 215,081	\$ 196,060
Less contributions in relation to the contractually required contribution	442,435	488,454	466,307	359,381	186,732	212,818	196,060
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,263	\$ -
Covered payroll	\$ 2,739,084	\$ 2,856,456	\$ 2,867,817	\$ 2,487,066	\$ 2,679,082	\$ 2,422,083	\$ 2,376,485
Contributions as a percentage of covered payroll	16.15%	17.10%	16.26%	14.45%	6.97%	8.88%	8.25%
CalPERS							
Contractually required contribution	\$ 339,982	\$ 323,378	\$ 260,070	\$ 217,542	\$ 214,122	\$ 147,629	\$ 147,305
Less contributions in relation to the contractually required contribution	339,982	323,378	260,070	217,542	214,122	147,629	147,305
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,648,935	\$ 1,639,848	\$ 1,434,473	\$ 1,399,884	\$ 1,541,777	\$ 1,254,282	\$ 1,287,631
Contributions as a percentage of covered payroll	20.62%	19.72%	18.13%	15.54%	13.89%	11.77%	11.44%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

- **Changes in Benefit Terms** – There were no changes in benefit terms since the previous valuations for OPEB.
- **Changes of Assumptions** – The actuarial assumption on salary increases decreased from 3.00% to 2.75%. The Investment rate of return decreased from 3.13% to 2.20%. The Healthcare cost trend rates decreased from 5.00% to 4.00%.

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's Pension 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.

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Supplementary Information
June 30, 2021

Vallecito Union School District

Vallecito Union School District
Local Education Agency Organization Structure
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund - ESSER I	84.425D	15536	\$ 233,902
COVID-19 Governor's Emergency Education Relief Fund (GEER) - Learning Loss Mitigation	84.425C	15517	<u>36,341</u>
Subtotal			<u>270,243</u>
Title I Grants to Local Educational Agencies	84.010	14329	252,437
Supporting Effective Instruction State Grants	84.367	14341	13,357
Student Support and Academic Enrichment Program	84.424	15396	<u>21,621</u>
Total U.S. Department of Education			<u>557,658</u>
U.S. Department of Agriculture			
Direct grant			
Forest Service Schools and Roads Cluster Schools and Roads - Grants to Counties	10.665	10044	4,230
Passed Through California Department of Education (CDE)			
Child Nutrition Cluster National School Lunch Program	10.555	13391	<u>153,523</u>
Total Child Nutrition Cluster			<u>153,523</u>
Total U.S. Department of Agriculture			<u>157,753</u>
U.S. Department of Treasury			
Passed Through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund Learning Loss Mitigation	21.019	25516	<u>274,653</u>
Total U.S. Department of Treasury			<u>274,653</u>
Total Federal Financial Assistance			<u>\$ 990,064</u>

Organization

The Vallecito Union School District was established in 1974. The District operates two elementary schools and one middle schools. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Mark Dyken	President	December, 2022
Tom Pratt	Clerk	December, 2022
Susan Singleton	Member	December, 2022

Administration

Name	Title
Tom Hoskins	Superintendent
Gretchen McReynolds	Chief Business Official
Ray Fansel	Principal
Josh O'Geen	Principal
Scott Nicotero	Principal

Vallecito Union 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	N/A	-	180	Complied
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied

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

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits	Building Fund	Bond Interest and Redeption Fund	Non-Major Governmenta Funds
Fund Balance							
Balance, June 30, 2021, Unaudited Actuals	\$ 3,338,244	\$ 61,680	\$ 136,504	\$ 793,442	\$ 1,072,432	\$ 1,714,589	\$ 430,287
	-	-	-	-	-	-	-
Fair market value adjustments ¹	(119,617)	(17)	(1,706)	(9,913)	(188,747)	(16,919)	1,879
Combine into General Fund for presentation purpose ²	979,990	(61,663)	(134,798)	(783,529)	-	-	-
ASB Cash due to GASB 84	-	-	-	-	-	-	142,264
Balance, June 30, 2021, Audited Financial Statements	<u>\$ 4,198,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883,685</u>	<u>\$ 1,697,670</u>	<u>\$ 574,430</u>

¹ Governmental Accounting Standards Board Statement 31 requires school districts to report their investments at fair value on the balance sheet.

² These two funds do not meet the General Accepted Accounting Principle (GAAP) definition of special revenue funds. They function effectively as extensions of the General Fund. For presentation in the audited financial statements, these funds should be combined with the General Fund to be complied to GAAP.

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

	Budget 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 9,887,056	\$ 9,162,734	\$ 8,160,662	\$ 8,320,691
Total Revenues and Other Sources	<u>9,887,056</u>	<u>9,162,734</u>	<u>8,160,662</u>	<u>8,320,691</u>
Expenditures	10,153,789	8,478,417	8,083,594	8,186,830
Other uses and transfers out	<u>111,312</u>	<u>115,000</u>	<u>55,000</u>	<u>35,000</u>
Total Expenditures and Other Uses	<u>10,265,101</u>	<u>8,593,417</u>	<u>8,138,594</u>	<u>8,221,830</u>
Increase/(Decrease) in Fund Balance	<u>(378,045)</u>	<u>569,317</u>	<u>22,068</u>	<u>98,861</u>
Ending Fund Balance	<u>\$ 3,820,572</u>	<u>\$ 4,198,617</u>	<u>\$ 3,629,300</u>	<u>\$ 3,607,232</u>
Available Reserves ⁴	<u>\$ 2,477,450</u>	<u>\$ 2,855,495</u>	<u>\$ 2,571,098</u>	<u>\$ 2,512,385</u>
Available Reserves as a Percentage of Total Outgo	<u>24.13%</u>	<u>33.23%</u>	<u>31.59%</u>	<u>30.56%</u>
Long-Term Liabilities	<u>\$ 24,184,149</u>	<u>\$ 25,466,662</u>	<u>\$ 23,201,340</u>	<u>\$ 23,169,081</u>
K-12 Average Daily Attendance at P-2	<u>563</u>	<u>554</u>	<u>554</u>	<u>544</u>

The General Fund balance has increased by \$591,385 over the past two years. The fiscal year 2021-2020 budget projects a decrease of \$378,045 (9.00%). For a District this size, the state recommends available reserves of 4% 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, but anticipates incurring an operating deficit during the 2021-2021 fiscal year. Total long-term liabilities have increased by \$2,297,581 over the past two years.

Average daily attendance has decreased by 10 over the past two years. An increase of 9 to ADA is anticipated during fiscal year 2021-2021.

¹ Budget 2021 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

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

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 142,264	\$ 41,861	\$ 178,477	\$ 207,116	\$ 569,718
Receivables	-	14,076	-	-	14,076
Total assets	\$ 142,264	\$ 55,937	\$ 178,477	\$ 207,116	\$ 583,794
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 8,702	\$ 662	\$ -	\$ 9,364
Total liabilities	-	8,702	662	-	9,364
Fund Balances					
Restricted	142,264	47,235	177,815	-	367,314
Assigned	-	-	-	207,116	207,116
Total fund balances	142,264	47,235	177,815	207,116	574,430
Total liabilities and fund balances	\$ 142,264	\$ 55,937	\$ 178,477	\$ 207,116	\$ 583,794

Vallecito Union School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
June 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 153,523	\$ -	\$ -	\$ 153,523
Other state sources	-	10,877	-	-	10,877
Other local sources	128,349	38,606	202,742	122,064	491,761
Total revenues	<u>128,349</u>	<u>203,006</u>	<u>202,742</u>	<u>122,064</u>	<u>656,161</u>
Expenditures					
Current					
Pupil services					
Food services	-	282,278	-	-	282,278
Plant services	-	-	66,407	1,936	68,343
Ancillary services	87,070	-	-	-	87,070
Capital Outlay	-	-	-	1,080	1,080
Total expenditures	<u>87,070</u>	<u>282,278</u>	<u>66,407</u>	<u>3,016</u>	<u>438,771</u>
Excess (Deficiency) of Revenues Over Expenditures	41,279	(79,272)	136,335	119,048	217,390
Other Financing Sources (Uses) Transfers in	-	85,000	-	30,000	115,000
Net Change in Fund Balances	41,279	5,728	136,335	149,048	332,390
Fund Balance - Beginning, restated	100,985	41,507	41,480	58,068	242,040
Fund Balance - Ending	<u>\$ 142,264</u>	<u>\$ 47,235</u>	<u>\$ 177,815</u>	<u>\$ 207,116</u>	<u>\$ 574,430</u>

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 Vallecito Union 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 Vallecito Union School District, it is not intended to and does not present the financial position, changes in fund balance of Bret Harte Union High School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the (identify the basis of accounting) basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

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 Sections 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.



Independent Auditor's Reports
June 30, 2021

Vallecito Union School District

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

Governing Board
Vallecito Union School District
Avery, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vallecito Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Vallecito Union School District’s basic financial statements and have issued our report thereon dated February 17, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 13 to the financial statements, Vallecito Union School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position (deficit) and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Menlo Park, California
February 17, 2022



CPAs & BUSINESS ADVISORS

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

Governing Board
Vallecito Union School District
Avery, California

Report on Compliance for Each Major Federal Program

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

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

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

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

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



Menlo Park, California
February 17, 2022



Independent Auditor's Report on State Compliance

Governing Board
Vallecito Union School District
Avery, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

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

Early Retirement Incentive

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Apprenticeship: Related and Supplemental Instruction

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

District of Choice

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

Independent Study - Course Based

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.

Charter Schools

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

Unmodified Opinion

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

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

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

Menlo Park, California
February 17, 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

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Elementary and Secondary School	84.425D
COVID-19 Governor's Emergency Education	84.425C
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

None reported.

The following finding represents instances of noncompliance and questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2020-001 Code 40000

Criteria or Specific Requirements

In accordance with Education Code section 46207 and 46208, a district equals or exceeds its local control funding formula target, shall offer

1. 180 days or more days of instruction per school year.
2. at a minimum, the following number of minutes of instruction: (1) To pupils in kindergarten, 36,000 minutes; (2) To pupils in grades 1 to 3, inclusive, 50,400 minutes; (3) To pupils in grades 4 to 8, inclusive, 54,000 minutes; (4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

Condition

The District offered 176 instructional days during the school year, resulting four days short of meeting the 180-day requirement, and 645 minutes short of meeting 54,000-minutes for the 4th and 5th grades.

Questioned Costs

\$122,213

Context

Instruction minutes provided by 4th grade and 5th grade during the school year.

Effect

The District might lose its funding.

Cause

During the year, the District has four days of emergency close-down due to power outage. The District has completed its application of Request for Allowance of Attendance Due to Emergency Conditions (J-13A), and approved by its oversight county, Calaveras County Office of Education (CCOE). For reason unknown, the CCOE forgot to submit the application on behalf of the District.

Repeat Finding: No

Recommendation

The District shall submit the application to California Department of Education (CDE) as soon as possible.

Current Status

Resolved



Financial and Performance Audits
Building Fund (2020 Measure I)
June 30, 2021

Vallecito Union School District

Financial Audit

Independent Auditor's Report 1

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 Statement of Revenues, Expenditures, and Changes in Fund Balance..... 4

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 9

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Financial Audit
Building Fund (2020 Measure I)
June 30, 2021

Vallecito Union School District



Independent Auditor's Report

Governing Board and
Citizens' Oversight Committee
Vallecito School District
Avery, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Vallecito Union School District's (the "District"), Building Fund (2020 Measure I) (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Building Fund (2020 Measure I) of Vallecito Union School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2020 Measure I are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Menlo Park, California
February 17, 2022

Vallecito Union School District
Building Fund (2020 Measure I)
Balance Sheet
June 30, 2021

Assets	
Deposits and investments	<u>\$ 883,685</u>
Total assets	<u><u>\$ 883,685</u></u>
Liabilities and Fund Balance	
Liabilites	\$ -
Fund Balance	
Restricted for capital projects	<u>883,685</u>
Total liabilities and fund equity	<u><u>\$ 883,685</u></u>

Vallecito Union School District
 Building Fund (2020 Measure I)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2021

Revenues

Interest income	\$ 16,464
Fair market value adjustment	<u>(188,747)</u>
Total Revenues and Other Sources	<u>(172,283)</u>

Expenditures

Contracted services	1,578,590
Debt service - issuance costs	<u>165,442</u>
Total Expenditures	<u>1,744,032</u>

Deficiency of Revenues Over Expenditures (1,916,315)

Other Financing Sources

Proceeds from sale of bonds	<u>2,800,000</u>
-----------------------------	------------------

Net Change in Fund Balance 883,685

Fund Balance - Beginning -

Fund Balance - Ending \$ 883,685

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Vallecito Union School District's (the District) Building Fund (2020 Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

The financial statements include only the Building Fund of the Vallecito Union School District used to account for 2018 Measure K projects. This Fund was established to account for the expenditures of general obligation bonds issued under 2020 Measure I. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is 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.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Fund Balance – Building Fund (2020 Measure I)

As of June 30, 2021, the fund balance is classified as follows:

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.

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.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Investments

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 instrument; 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 agreement; 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 statement 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 is to changes in market interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The weighted average maturity of the Calaveras County Pool is 449 days.

Note 3 - Commitments and Contingencies

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (2020 Measure I) as of June 30, 2021.



Independent Auditor's Report
June 30, 2021

Vallecito Union School District



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

Governing Board and
Citizens' Oversight Committee
Vallecito Union School District
Avery, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Vallecito Union School District (the "District") Building Fund (2020 Measure I) as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated February 17, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2020 Measure I are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (2020 Measure I) financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Building Fund (2020 Measure I) 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.

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

Menlo Park, California
February 17, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	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

None reported.



Performance Audit
Building Fund (2020 Measure I)
June 30, 2021

Vallecito Union School District



Independent Auditor's Report on Performance

Governing Board and
Citizens' Oversight Committee
Vallecito Union School District
Avery, California

We were engaged to conduct a performance audit of the Vallecito Union School District (the District) Building Fund (2020 Measure I) for the year ended June 30, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (2020 Measure I) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District's governing board, management and Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than this specified party.

Menlo Park, California
February 17, 2022

Authority for Issuance

The general obligation bonds associated with 2020 Measure I were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on November 3, 2020 (the "Resolution"), at the request of the Governing Board of the District by its resolution adopted on June 24, 2020.

The District received authorization at an election held on November 3, 2020, to issue bonds of the District in an aggregate principal amount not to exceed \$2,800,000 to finance specific construction and renovation projects approved by eligible voters within the District. The Measure required approval by 55% majority votes cast by eligible voters within the District (the 2020 Authorization).

Purpose of Issuance

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in 2020 Measure I submitted at the Election, which is to renovate, construct, equip, repair and improve classrooms and school facilities, including deteriorating roofs, heating and air conditioning systems, and construct a new multi-purpose room.

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2020 Measure I.
2. Determine whether salary transactions, charged to the Building Fund were in support of 2020 Measure I and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the Measure. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2021, for the Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes, including transfers out.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from 2020 Measure I bond proceeds.
 - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately 5 percent of the total expenditures incurred.
 - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2020 and ending June 30, 2021.

3. Our sample included transactions totaling \$1,521,177 non-payroll expenditures. This represents 90 percent of the total expenditures of \$1,744,032.
4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
5. We determined that the District has met the compliance requirement of 2020 Measure I if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.
 - c. We verified that charges to the Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

Conclusion

The results of our tests indicated that, in all significant respects, Template Binders has properly accounted for the expenditures held in the 2020 Measure I and that such expenditures were made for authorized Bond projects.

None reported.



Financial and Performance Audits
Building Fund (2018 Measure E)
June 30, 2021

Vallecito Union School District

Financial Audit

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 Schedule of Findings and Questioned Costs 16



Financial Audit
Building Fund (2018 Measure E)
June 30, 2021
Vallecito Union School District



Independent Auditor's Report

Governing Board and
Citizens' Oversight Committee
Vallecito School District
Avery, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Vallecito Union School District's (the "District"), Building Fund (2018 Measure E) (the "Fund"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Building Fund (2018 Measure E) of Vallecito Union School District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2018 Measure E are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Menlo Park, California
February 17, 2022

Vallecito Union School District
Building Fund (2018 Measure E)
Balance Sheet
June 30, 2021

Assets	\$ -
Liabilities and Fund Balance	
Liabilites	\$ -
Fund Balance	-
Total liabilities and fund equity	\$ -

Vallecito Union School District
 Building Fund (2018 Measure E)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2021

Revenues	
Interest income	\$ 51,313
Expenditures	
Contracted services	<u>7,250,416</u>
Net Change in Fund Balance	(7,199,103)
Fund Balance - Beginning	<u>7,199,103</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Vallecito Union School District's (the District) Building Fund (2018 Measure E) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

The financial statements include only the Building Fund of the Vallecito Union School District used to account for 2018 Measure K projects. This Fund was established to account for the expenditures of general obligation bonds issued under 2018 Measure E. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund is 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.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Fund Balance – Building Fund (2018 Measure E)

As of June 30, 2021, the fund balance is classified as follows:

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.

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.

Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Commitments and Contingencies

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (2018 Measure E) as of June 30, 2021.



Independent Auditor's Report
June 30, 2021

Vallecito Union School District



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

Governing Board and
Citizens' Oversight Committee
Vallecito Union School District
Avery, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Vallecito Union School District (the "District") Building Fund (2018 Measure E) as of and for the year ended June 30, 2021, and the related notes of the financial statements, and have issued our report thereon dated February 17, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to 2018 Measure E are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (2018 Measure E) financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Building Fund (2018 Measure E) 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.

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

Menlo Park, California
February 17, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	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

None reported.



Performance Audit
Building Fund (2018 Measure E)
June 30, 2021

Vallecito Union School District



Independent Auditor's Report on Performance

Governing Board and
Citizens' Oversight Committee
Vallecito Union School District
Avery, California

We were engaged to conduct a performance audit of the Vallecito Union School District (the District) Building Fund (2018 Measure E) for the year ended June 30, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (2018 Measure E) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District's governing board, management and Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Menlo Park, California
February 17, 2022

Authority for Issuance

The general obligation bonds associated with 2018 Measure E were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on June 6, 2019 (the "Resolution"), at the request of the Governing Board of the District by its resolution adopted on May 8, 2019.

The District received authorization at an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed \$11,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The Measure required approval by 55% majority votes cast by eligible voters within the District (the 2018 Authorization).

Purpose of Issuance

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in 2018 Measure E submitted at the Election, which is to renovate, construct, equip, repair and improve classrooms and school facilities, including deteriorating roofs, heating and air conditioning systems, and construct a new multi-purpose room.

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizens' oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of 2018 Measure E.
2. Determine whether salary transactions, charged to the Building Fund were in support of 2018 Measure E and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the Measure. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2020, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, for the Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes, including transfers out.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from 2018 Measure E bond proceeds.
 - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately 5 percent of the total expenditures incurred.
 - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2020 and ending June 30, 2021.

3. Our sample included transactions totaling \$6,740,525 non-payroll expenditures. This represents 93 percent of the total expenditures of \$7,250,416.
4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
5. We determined that the District has met the compliance requirement of 2018 Measure E if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.
 - c. We verified that charges to the Fund were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

Conclusion

The results of our tests indicated that, in all significant respects, Vallecito Union School District has properly accounted for the expenditures held in the 2018 Measure E and that such expenditures were made for authorized Bond projects.

Vallecito Union School District
Building Fund (2018 Measure E)
Schedule of Findings and Questioned Costs
June 30, 2021

None reported.

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BY:

CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 2-7-2022

Bottomley ERIC A
(Last Name) (First Name) (Initial)

Business Address: _____ Phone: _____

Home Address: ~~_____~~ ✓ Phone: ~~_____~~

E-mail: ~~_____~~

Occupation and Employer: property management / self
No. of Years Residing in District: 29 yrs.

Do you have children in the District's schools? Yes No
If yes, what schools? Michaelson / AMS

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.
UPUD Board President
no school Board experience.

2. Have you worked on any school committees or participated in any school activities recently? Please list them.
ski days with the school

3. Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.
Vice President/owner at Bear Valley Ski Company. Working along family and staff of 250 employees in day to day operations

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?
I feel I could provide some diversity on the Board.

Candidate Information Sheet -- Board Vacancy
Page Two

5. What do you see as the basic purpose of the public schools?

I feel the purpose is to create a strong and safe work environment to better educate our children in both personal and life skills.

6. What is the role of the Board in the fulfillment of that purpose?

The role of the Board should be to create cohesion between parent/students, and teacher/administration.

7. How does the Board's role differ from that of the Superintendent?

The Board takes in information to help make decisions. The Superintendent provides direction and acts upon Board decisions.

8. What should be the relationship between the Board members and the administration in the handling of school concerns?

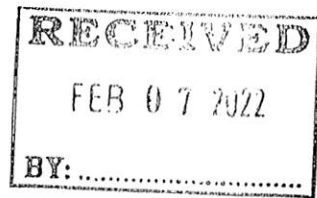
The Board member should have active communication with parents, in order to better handle concerns with administration. And vice versa. Communication from administration and parents/students.

9. What do you see as the strengths of the Vallecito Union School District?

Having people want to participate on a school Board is always important strength.

10. What do you see as the area(s) most needing improvement in the Vallecito Union School District?

Looking at better ways to get all the information to parents/public on school issues; from funding to teaching material.



CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 2-7-22

BURTON CRAIG
(Last Name) (First Name) (Initial)

Business Address: Phone:

Home Address: [REDACTED]

E-mail: [REDACTED]

Occupation and Employer: RETIRED
No. of Years Residing in District: 6

Do you have children in the District's schools? Yes No [checked]
If yes, what schools?

ARNOLO, CA.
95227-026

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.
MARIN PRIMARY AND MIDDLE SCHOOL

2. Have you worked on any school committees or participated in any school activities recently? Please list them.
NO

3. Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.
LIBRARY COMMISSIONER
CALAVERAS MENTORING FOUNDATION

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?
GIVE BACK TO OUR COMMUNITY

**Candidate Information Sheet – Board Vacancy
Page Two**

5. What do you see as the basic purpose of the public schools?

STUDENTS AND EDUCATORS ADHERE
TO FEDERAL GUIDELINES

6. What is the role of the Board in the fulfillment of that purpose?

WORKING W/ PARENTS AND SCHOOL
PERSONNEL

7. How does the Board's role differ from that of the Superintendent?

BOARD REVIEW / APPROVE BUDGETS
INTERFACE W/ STAFF AND PRINCIPALS

8. What should be the relationship between the Board members and the administration in the handling of school concerns?

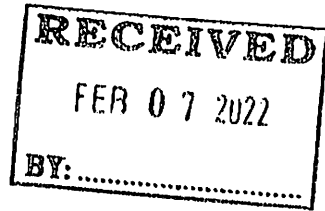
BOARD MEMBERS INTERFACE W/ ADMINISTRATION
ON ISSUES THAT MAY ARISE DURING THE
SCHOOL

9. What do you see as the strengths of the Vallecito Union School District?

NEED TIME W/ THE SCHOOL DISTRICT

10. What do you see as the area(s) most needing improvement in the Vallecito Union School District?

NEED TIME W/ THE SCHOOL DISTRICT



CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 2-7-22

Hall Michael M.
(Last Name) (First Name) (Initial)

Business Address: N/A Phone: N/A

Home Address: [Redacted]

E-mail: [Redacted]

Occupation and Employer: self
No. of Years Residing in District: 5

Do you have children in the District's schools? Yes X No
If yes, what schools? Michelson

- 1. Do you have prior experience serving on a governing board... I am on the Michelson Site Council...
2. Have you worked on any school committees... Ski trip chaperone...
3. Describe any other community or business activities... Volunteer Murphys street clean up.
4. Why do you want to be a member of the Vallecito Union School District Governing Board... I was asked to join by a teacher...

Candidate Information Sheet – Board Vacancy
Page Two

5. What do you see as the basic purpose of the public schools?
They, along with a free press are the foundation of a functioning democratic society. Thus they are tasked with creating a literate and informed citizenry and instill a lifelong love of learning.
6. What is the role of the Board in the fulfillment of that purpose?
The board's job is to make sure that the staff and administration are supplied with the resources necessary to fulfill the basic purpose of the public school.
7. How does the Board's role differ from that of the Superintendent?
The board supplies and supports the Superintendent. The Superintendent uses the resources to their best effect.
8. What should be the relationship between the Board members and the administration in the handling of school concerns?
It should be a non-adversarial partnership focused on providing a safe quality education to the students in their care.
9. What do you see as the strengths of the Vallecito Union School District?
It appears to be a well funded school district with an active parents club and a very involved community.
10. What do you see as the area(s) most needing improvement in the Vallecito Union School District?
I would like to see an expanded preschool system. Education in a safe welcoming environment can not start too early.

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BY:

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BY:

CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 2/5/2022

Moore, Chris I.
(Last Name) (First Name) (Initial)

Business Address: [REDACTED] CA 95824

Home Address: [REDACTED] Rd. ✓

E-mail: [REDACTED]

Occupation and Employer: Home Repair Services/ Sole Proprietorship

No. of Years Residing in District: 20

Do you have children in the District's schools? Yes X No _____

If yes, what schools? Michelson Elementary

2/5/2022

To the Board.

My name is Chris Moore and I have submitted an application to be assigned a position on the V.U.S.D. Board. This would be my first position on a School Board and I am excited about the opportunity.

I first visited Calaveras County in 1989 with a friend's parents who were avid skiers and enjoyed the mountain lifestyle. I would spend every other weekend in the area during the winter skiing and longer stays during the summers. The time in this area helped shape my decision to start a career in the outdoor industry and when I moved back from Salida, CO I knew this is where I wanted to spend my adult life.

In 1997 I had decided to uproot from my hometown of San Jose, CA and follow my path in the world of outdoor recreation and instruction. The greatest opportunities in the industry led me to Salida, CO where I worked as a commercial river guide during the summers and as a snowboard instructor during the winters for five years. After accomplishing the Guide Trainer status in Colorado and PSIA (Professional Ski Instructors of America) Certifications I opted to make the move back to California. I found the perfect combination (geographically) to continue my love of the outdoor industry by accepting a position with O.A.R.S. (whitewater rafting) and Bear Valley Ski Area. I felt like I was home. In the time since, I have held the titles of CA Regional Manager and Director of Snowsports Operations, respectively.

Currently I am residing in Avery, CA after spending over a decade in Murphys, CA and my roots are set. My wife Ashley and I are currently raising two children in the area, an eight year old and a three year old. My daughter was a recognized student at Michelson Elementary from Kindergarten through Second Grade and my son is currently part of the IEP program that is being provided at Michelson.

The Public Education System has always been an interest of mine; in the early days of Public School Magnet programs I had decided to enter the Teaching Academy that was being provided at one of our local high schools. The Magnet programs were developed (in part) to provide opportunities for young adults to attend schools with different learning environments than their specified district; the Magnet Program that I participated in was actually provided at the high school within my district. This program helped develop my love for teaching and provided great experiences through some very formative years.

I am hoping to be able to provide input to the Board based on my "alternative" teaching experiences and help create a community partnership with the Public Education System through respectful and diplomatic communication.

Respectfully,
Chris Moore

Vallecito Union School District Board Application Questionnaire

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experiences

Though I do not have prior experience serving on a governing board, I have over a decade of experience working with think-tank groups and sub-committees in outdoor industries (snowsports and multi-day adventures). Within these groups, it was a priority to create effective lines of communication with the governing bodies (e.g. Forest Service, SMUD, HHWP) to benefit the bodies themselves as well as the individuals who were utilizing the resources under their direction; I have often been tasked as a central spokesperson.

2. Have you worked on any school committees or participated in any school activities recently? Please list them.

The last school activity that I have participated in was working as a volunteer for Mrs. McKracken's kindergarten class, which my daughter was a part of. Aiding such a renowned teacher with science and art curriculum was very enjoyable, however, being a part of the education of children at such an impressionable age and creating excitement for those subjects was incredibly fulfilling.

3. Describe any other community or business activities in which you have participated, Describe your role, and whether your work was volunteer or employment related.

While I feel that our surrounding community is one of the most important reasons I have chosen to raise my family here, due to my prior employment (which included nights and weekends) I have had very limited time to volunteer on a regular basis; one significant reason for my recent career change is based on work-hour flexibility. Over the years, I have had the opportunity to be a representative for OARS at Job Fairs and fund-raising events; as a volunteer and as an employee.

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?

On a personal level, I would appreciate being able to provide input to my two children's educational futures. From a community standpoint, being able to be a part of the success of the District residents educational future would be extremely fulfilling also. The fact that the Board is responsible for Primary Education only, I see this as a great opportunity to provide parameters and resources for the (in my opinion) most crucial stage of a person's lifetime love of learning.

Vallecito Union School District Board Application Questionnaire

5. What do you see as the basic purpose of the public schools?

There are many lessons learned throughout our years in Public Schools. While many people may believe that the schools are in place to educate the youth based on specific (mandated) curriculum through standardized testing, throughout a full school day there are a number of other "soft" lessons and life skills that are extremely important to a child's future. Public Schools should be able to provide safe and nurturing environments for the youth of today in order to create the best chance for successful, well rounded, confident adults that can make a difference in our ever-changing world tomorrow.

6. What is the role of the Board in the fulfillment of that purpose?

The role of the Board is to work as a liaison between the many facets of the public education arena. Working together as a group, being able to listen to and prioritize a communities' values, while formulating forward looking plans to achieve short and long term goals, as well as the dispersion of the necessary financial resources to achieve those goals is key. The Board's main agenda should include all of the stated responsibilities with a mindset that the overall goal is to be student centered, facilitator backed, with a high level of accountability across-the-board.

7. How does the Board's role differ from that of the Superintendent?

A Superintendent should be the person responsible for the day-to-day operation of the District. A Board's responsibility is to provide the Superintendent with agreed upon policies and goals that rely on the Superintendent to instill and manage. A Superintendent is also expected to work in a leadership and supportive role for the active staff within the District, the Board is expected to be a channel between all interested parties (parents, student, staff).

8. What should be the relationship between the Board members and administration in the handling of school concerns?

The relationship should be one of respect and understanding with a great degree of trust involved. A key to building this relationship starts with a shared idea of the short and long term goals; common ground. Communication between the Board and the Administration must be continual with both parties having the ability to be receptive and a willingness to compromise when necessary.

9. What do you see as the strengths of the Vallecito Union School District?

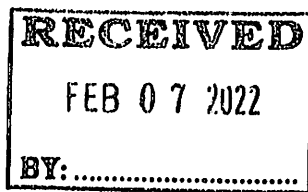
First strength that comes to mind is the devotion of the faculty. Many of the educators and support staff of the District have spent a good portion of their lives in Calaveras County and the V.U.S.D. area. It shows through their willingness to adapt to challenges specific to our area (e.g. power outages/ snow days). Second, is the surrounding area itself... with lakes, rivers, and mountains within close proximity there is even more opportunity to create a more well-rounded student body.

Vallecito Union School District Board Application Questionnaire

10. What do you see as the area(s) most needing improvement in the Vallecito Union School District?

I understand that there may be deficits and needs for improvement within the District, however, I would prefer not to pass any sort of judgement until I have a greater understanding of the causes behind those challenges. I prefer to see my possible position on the Board with open eyes and ears and acquire a greater understanding of the areas that need the most improvement.

Travis J. Owens



February 7, 2022

Vallecito Union School District

Dear Directors,

I have submitted my request to be appointed as a member of your board. My wife and three children are Murphys residents. My children have attended both Michelson Elementary and Avery Middle School. My wife is a school counselor at Mark Twain Elementary, and my extended family contains teachers and long-time Calaveras County residents.

My attached Candidate Information Sheet provides details on why I am running for this position.

From 1997 to 2018, I served in the United States Navy as a lawyer ("JAG"). I recently opened a law office in Murphys on Highway 4. Now in private practice as a lawyer, I hope to continue my public service through this school board appointment.

Thank you for taking the time to consider my Candidate Information Sheet.

Sincerely,

Travis J. Owens, J.D., M.A., LL.M

**Lieutenant Commander, U.S. Navy, Judge Advocate
Generals' Corps (Ret.)**

CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: February 7, 2022

Owens, Travis J.

(Last Name) (First Name) (Initial)

Business Address: _____

Home Address: _____

E-mail: _____

Occupation and Employer: Self-Employed Attorney practicing in Calaveras County

No. of Years Residing in District: 3 1/2

Do you have children in the District's schools? Yes 1 No _____

If yes, what schools? Avery Middle School (son); daughter attended AMS, now at BHHS.

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.
No, not on a school district board.

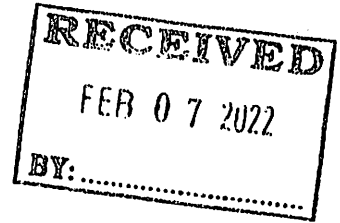
2. Have you worked on any school committees or participated in any school activities recently? Please list them.
Yes. I was a substitute teacher from 2019 through 2021 at Avery, Mark Twain, Michelson, and Bret Harte. I have served as an assistant basketball coach at Michelson and Avery. During my twenty years in the Navy, I was from 2006-2008 the attorney for the Naval Postgraduate School in Monterey, California, .

3. Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.
I served on the Murphys Sanitary District Board of Directors from 2019-2021. I currently serve on the Calaveras Local Agency Formation Commission (LAFCO). In January of this year, I opened my law office (Murphys Law) on Hwy 4 in Murphys.

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?
I spent 20 years in public service as a Navy Officer. Since my retirement from the Navy in 2018, I have continually sought to continue serving the public as I consider it a duty of American citizenship. My children have benefited greatly from Michelson and Avery Middle, and I want other kids to be able to do the same.

Candidate Information Sheet – Board Vacancy
Page Two

5. **What do you see as the basic purpose of the public schools?**
The purpose of the public schools is to educate children in a core set of subjects and offer them exposure to other areas of life through electives, field trips, and open dialogue with teachers and other students.
The public schools also serve the purpose of providing local residents local employment opportunities to teach and exercise their administrative skills in support of their local community.
6. **What is the role of the Board in the fulfillment of that purpose?**
A Board of Directors "directs" the overarching policies ("the mission") that guide the Superintendent as he administers the Board's policies. The Board of directors focus is on big picture items such as curriculum and budgets. It is not a manager of the staff or employees of the school, but it must always be seeking input from the Superintendent, staff, teachers, members of the public, businesses, etc. as it seeks to develop policy.
7. **How does the Board's role differ from that of the Superintendent?**
The Superintendent's job is to administer the policies/carry out the mission set forth by the Board.
He works with District staff to ensure the Principals have the resources to carry out their mission. A Superintendent works with staff, teachers, students, and parents to develop policies for Board approval.
8. **What should be the relationship between the Board members and the administration in the handling of school concerns?**
The Board should always be open to receiving input from the Superintendent, staff, and administrators, but as Directors of policy, the Board should avoid involvement in day-to-day management of schools. Involvement beyond the level of policy making undermines the Superintendent's and Principal's authority over their staffs.
9. **What do you see as the strengths of the Vallecito Union School District?**
The VUSD is a model District. I have had my children in great Elementary and Middle School districts in 3 different states and in the Department of Defense schools. VUSD combines all the positive aspects of the other districts I have seen: dedicated teachers, helpful staff, engaged parents, beautifully-kept facilities, and strong leadership.
10. **What do you see as the area(s) most needing improvement in the Vallecito Union School District?**
I do not presume to know all the efforts made by the Board on various issues so I won't try to say what needs improvement. I will say that Covid has taken a heavy toll on families and teachers, and for me the biggest challenge going forward is preventing the disintegration of teacher/parent relationships.
Preventing that disintegration and strengthening positive relationships between families, teachers, and administrators is critical to VUSD's success.



CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 1/05/2023

Pease, Jeffrey B.
(Last Name) (First Name) (Initial)

Business Address: [Redacted] Phone: [Redacted]

Home Address: [Redacted] Phone: [Redacted]

E-mail: [Redacted]

Occupation and Employer: Correctional Sergeant at California Department of Corrections and Rehabilitations
No. of Years Residing in District: 34

Do you have children in the District's schools? Yes X No
If yes, what schools? Albert Michelson Elementary

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.

I haven't served on a governing board I have served on a committee within the Department of Corrections as a subject matter expert. I have also sat on and participated in Classification Committee's for inmates as a Staff assistant

2. Have you worked on any school committees or participated in any school activities recently? Please list them.

I was a coach for the Ebbets Pass Youth Soccer League last year.
I have attended every school function that Michelson has offered.
(My son made sure we didn't miss a single one)

3. Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.

I was an active member of the Native Sons for 4 years and I am currently a member of the Angels Gun Club since 2002.

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?

Once my son started Kindergarten this year I wanted to be involved. I started attending the board meetings to get an idea of the current and future situation at Vallecito Union School District. I attended VUSD from Kindergarten to 8th grade. My mother attended VUSD for the same amount of time and my Grandfather attended school at the old Murphy's School house. After attending some meetings there were things I liked (agreed) with and some things I did not. I believe if I feel there is something I think that should or could be done different I owe it to myself to be involved and help change it.

Candidate Information Sheet – Board Vacancy
Page Two

5. **What do you see as the basic purpose of the public schools?**

Public school prepares students for college and the workforce, including preparing them for jobs that may not even exist yet due to rapidly changing technology. And to help children fulfill their diverse potentials.

6. **What is the role of the Board in the fulfillment of that purpose?**

By establishing direction and priorities for the school. They monitor and review school performance and report it to the staff, parents and students. They also develop, maintain and review curriculum for the school.

7. **How does the Board's role differ from that of the Superintendent?**

The Board establishes the direction and priorities of the school. The Superintendent makes sure the board is informed about district operations and activities, and about the district's needs.

The Superintendent manages the day-to-day affairs properly and in conformity with board policies.

8. **What should be the relationship between the Board members and the administration in the handling of school concerns?**

A mutual trust that the administration will implement and enforce policies that the board puts in place and also to report back any problems or ideas to make VUSD better for the students and staff

9. **What do you see as the strengths of the Vallecito Union School District?**

I see that VUSD is a part of a very close community. I have single handedly seen this community come together to help others in need numerous times. I feel it is such a blessing that we are

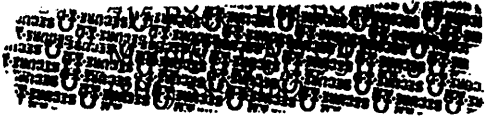
a smaller district so more attention can be placed on each individual student. They say it takes a village to raise a child and I feel fortunate to be a part of this "village."

10. **What do you see as the area(s) most needing improvement in the Vallecito Union School District?**

In these trying times I see a divide in our community. I hope to be a part of the board and help bring us back together. I think at times people feel unheard with their concerns.

I want the help put forth the reputation that VUSD board is transparent and open to all of the members in the community. I truly feel that has been the Boards vision I want to help keep that progression.

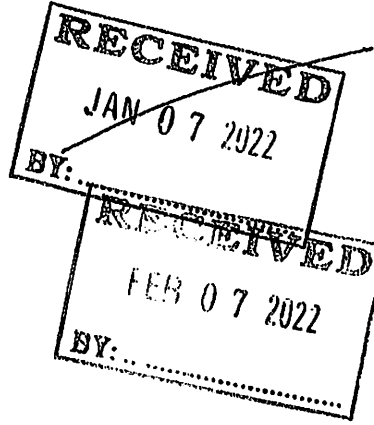
Shannon Simpson



02/04/2022

Vallecito Union School District
Re: School Board Vacancy

Dear VUSD Board,

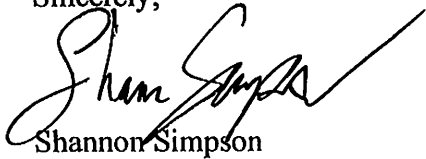


I am writing to formally introduce myself, and express interest in the vacant position on the governing board of the Vallecito Union School District. My family is fairly new to Calaveras County, we relocated here in December of 2018. My wife and I have four children, two of whom are current Michelson Elementary students. I am not currently employed; I am a full-time homemaker and parent. My professional background is in Clinical Wound Care.

I strongly believe that every child deserves an exceptional education. I am grateful for my own public education, and for the opportunities for learning, development, and personal growth I have been afforded. I know that a participative community is crucial to the creation of a safe, healthy, and effective learning environment. We need each other to succeed. With that in mind, I would like to offer my service to the Board.

I have four children, ages 7, 6, 5, and 2. Subsequently, most of my time is spent in negotiation, crisis management, and conflict resolution. My propensity for mediation is one of my strengths. I am able to get along easily with people, even those with whom I disagree. I believe that the heightened emotions and over-politicization at recent meetings have been an impediment to the board's success. I believe in personal freedoms, individual liberty, and the importance of kindness. I am hopeful that through effective communication, our community will be able to work together for the benefit of everyone.

Sincerely,



Shannon Simpson

CANDIDATE INFORMATION SHEET
Vallecito Union School District

Please fill out and return this Candidate Information Sheet (2 pages), along with a brief letter of introduction by February 7, 2022 to Cheryl Boyd, or leave at the Superintendent's office.

Date: 02/04/2022

Simpson, Shannon, E
(Last Name) (First Name) (Initial)

Business Address: n/a Phone: _____

Home Address: ~~_____~~

E-mail: ~~_____~~

Occupation and Employer: Homemaker, n/a

No. of Years Residing in District: 2

Do you have children in the District's schools? Yes No _____

If yes, what schools? Michelson Elementary

1. Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.

I do not have prior school district board experience, only attending meetings as a community member.

2. Have you worked on any school committees or participated in any school activities recently? Please list them.

Yes, I have been serving as the Vice President of the Michelson Parents Club since May, 2021. I was an active participant in the Parents Club for the 20/21 school year.

(continued on back)

3. Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.

Assist Studio 4 Dance Theater (a 501(c)(3) nonprofit org.) in their annual production of the Nutcracker. My roles include fundraising, sewing costumes, teaching ballet class, and supervising children. This is exclusively as an unpaid volunteer.

4. Why do you want to be a member of the Vallecito Union School District Governing Board ("Board")?

I want to live in a community (and society) of well-educated individuals. I also want my, and everyone's, children to learn in a healthy, happy, and productive environment. I am capable and qualified to aid the governing board in the leadership and oversight of that educational environment.

2. (cont'd) I have been in charge of 2022 Chicken in a Barrel, the Square 1 Art Fundraiser, the Winter Craft Fair, and Teacher Appreciation Week. I have worked on the Krispy Kreme Fundraisers, Spirit Wear Sales, the Harvest Festival, and Back-to-School Night. I have also assisted the Avery Middle School Parents Club in fundraisers as needed.

Candidate Information Sheet – Board Vacancy

Page Two

5. What do you see as the basic purpose of the public schools?
Public Schools serve as a societal safety net. They ensure that regardless of income, socioeconomic status, or family situation all children have equal access to a quality education. They provide a safe and nurturing environment for early childhood development.
6. What is the role of the Board in the fulfillment of that purpose?
The board oversees the development, adoption, and approval of district policy. The purpose of public schools cannot be fulfilled without the effective implementation of local, state, and federal guidelines. Board oversight and leadership ensure compliance, and provide a clear direction for student achievement and educational success.
7. How does the Board's role differ from that of the Superintendent?
The Superintendent serves as a liaison between the board and the district. The Superintendent carries out board mandates and supervises the daily functions of the district. As a
(Continued on back)
8. What should be the relationship between the Board members and the administration in the handling of school concerns?
The school board delineates district priorities, which the administration is responsible for carrying out. This organizational structure can seem hierarchical, but I believe it allows for
(Continued on back)
9. What do you see as the strengths of the Vallecito Union School District?
The VUSD is full of committed, engaged families. The parents in our district care about their children, and their children's education. The staff and administration are well-qualified, and I am continually impressed by their professionalism.
10. What do you see as the area(s) most needing improvement in the Vallecito Union School District?
1. Our district is currently under-staffed. I know the schools struggle to find enough aides and substitute teachers. Also, due to stricter requirements for campus access, parent volunteer assistance during school hours has been minimal or non-existent.
2. We are a small, rural district which engenders a familiar (and sometimes casual) atmosphere at board meetings. I believe community education on board protocols, responsibilities, and limitations would be prudent. Greater efficacy at meetings would allow for increased, district-wide success.

7. (cont'd) professional educator, the Superintendent also offers insight, expertise, and recommendations into best practices. The board is ultimately responsible for establishing policies which the Superintendent will enact.

8. (cont'd) effective delegation and individual ownership of tasks. Cooperative efforts (while maintaining personal responsibility) are ideal for success.

Jodi G. Sledge

209-743-8472

February 4, 2022

Vallecito Union School District
P.O. Box 329
Avery, CA 95224

RECEIVED
JAN 07 2022
BY:

RECEIVED
FEB 07 2022
BY:

Dear Vallecito Union School District,

I'm writing to you regarding the Vallecito Union School District Board vacancy I recently discovered through your website. As the prior Deputy City Clerk for the City of Sonora I have experience working for a governing board. Through my experience with the City of Sonora I have attended City Council meetings where I have assisted in assuring public governance procedures as well as assisted in the development and implementation of the Division's goals, objective, polices procedures and work standards. I believe my professional background working for the City of Sonora is perfect for the vacant board position.

Before working for the City of Sonora I've been raising my children while also working remotely from time to time in the mortgage lending business. I worked as both a Secretary to the Associate Warden and as a Case Records Technician for Sierra Conservation Center for over 4 and half years. These roles required me to be up to date on not only Departmental Policy but also California statutory requirements, as well as requiring the upmost confidentiality. Between these two positions, I've gained extensive knowledge about working for a public agency.

I'm confident that I have the work ethic, attention to detail, and problem solving skills necessary to fulfill the role of Vallecito Union School Board Member with the Vallecito Union School District. I look forward to discussing the details of the vacancy more with you. you can reach me by phone at (209) 743-8472, or via email at jodisledge44@hotmail.com.

Sincerely,

Jodi G. Sledge
Jodi G. Sledge

February 4, 2022

Steele, Hazel
209-748-2100
steele.hazel@gmail.com

Occupation and Employer: Homemaker

No. of years residing in District: 34 Years

Do you have children in the District's schools? Yes/ Hazel Fischer Elementary

Do you have prior experience serving on a governing board, specifically a school district board? Please list such prior experience.

As I do not have experience serving on a governing board, as the prior Deputy City Clerk for the City of Sonora I attended City Council meetings where I assisted in assuring public governance procedures. I assisted in the development and implementation of the Division's goals, objectives, policies procedures and work standards. Researched public records and provided information to the public and staff members concerning City Council actions, laws, ordinance, codes, procedures and projects. Assisted with the compilation of agenda items for City Council meetings; direct preparation and distribution of agenda packets; summarize and publish agenda information. Assisted in the development and preparation of the annual budget. As the Deputy City Clerk I attended City Council meetings, took minutes, managed zoom and reported out on City Clerk items. Provided support to Commission and Subcommittee, if assigned.

Have you worked on any school committees or participated in any school activities recently? Please list them.

No, due to Covid-19 and this being my youngest child's second year in school I was not able to participate in any school activities. Prior to Covid-19 my oldest daughter had just started school and I was home with my son. I am hopeful that I will be able to participate in future school activities and committees now that both my children are attending Hazel Fischer Elementary. I have been actively participating in school board meetings for the last year and a half.

Describe any other community or business activities in which you have participated. Describe your role, and whether your work was volunteer or employment related.

As a mother of two children I have participated in many local activities from soccer, dance, gymnastics and playdates. All of which I have first and foremost been my children's cheerleader as well as helped the coaches out whenever they needed. I have also set up trash clean up days around our local parks with my children and others. While working as the Deputy City Clerk I assisted in employee recognition day, where I helped with food preparation, set up and take down and employee certificates.

Why do you want to be a member of the Vallecito Union School District Governing Board (“Board”)?

As a mother of two school age children in this district, I feel it is very important to be involved in decisions made for our children’s education and well being. I understand the challenges that the board faces in these times of uncertainty and I believe with my experience I would be an asset to the board, as well as having the compassion and perspective of a mother.

What do you see as the basic purpose of the public school?

I believe the purpose of public school is to provide opportunities for kids to flourish. This means that students develop to become healthy, confident and graduate prepared to reach their highest potential. To allow our children to grow, learn and make mistakes. Communication and social skills are imperative for their future.

What is the role of the Board in the fulfillment of that purpose?

The boards role to fulfill that purpose is to set the policy that best supports our superintendent and staff and to ensure all students are flourishing and learning. To make sure our teachers and staff have all the tools they need to teach and support our children, and that our superintendent is not only providing support to our teachers and staff but the students. I feel it is important that board members visit the schools, sit in on classes, and speak to teachers and staff. Being a present board member allows you to know where your weaknesses are and your strengths.

How does the Board’s role differ from that of the Superintendent?

The board’s role is to represent the concerns of the citizens and parents to school administrators and represent the needs of the students and school district to the citizens and parents of the community. As an elected board it is their role to set the policy and the role of the superintendent to implement the policy. The superintendent’s role is on a day-to-day basis as the chief executive who is responsible for implementing the policies and achieving the goals.

What should be the relationship between the Board members and the administration in the handling of school concerns?

I feel the relationship should be an open communication. Any concerns addressed by constituents need to be forwarded to and discussed with the superintendent. Although the board is not allowed to have private meetings as a collective body they can individually communicate with the administration regarding concerns. If the school concerns are beyond the superintendents ability to remedy solely, then the superintendent should always seek council from the school board and agendize any concerns that need to be discussed as a collective body publicly.

What do you see as the strengths of the Vallecito Union School District?

Vallecito Union School Districts strengths are, through the pandemic thus far our district has fought hard to keep our schools open for in-person learning. With ever changing guidelines to new variant outbreaks we have continued to keep our doors open and our children learning the safest way possible for students and teachers. These are unprecedented times and I feel our school district has done their best to navigate through it all.

What do you see as the area(s) most needing improvement in the Vallecito Union School District?

Transparency and communication. Although I am aware how guidelines change sometimes on a daily basis I feel having better communication with parents and the community would greatly benefit the relationship between the district and the community. It opens doors to the community to feel as their concerns are being heard. In these times of uncertainty we need to pull together as a community. Division and silence will always put a strain on districts relationship with the community and parents. We may not always see eye to eye but for a district to be as transparent and clear as possible will always make for better understanding.