

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2021



ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Acton-Agua Dulce Unified School District
Acton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Acton-Agua Dulce Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Acton-Agua Dulce Unified School 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, the major fund, and the aggregate remaining fund information of Acton-Agua Dulce Unified School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 14 to the basic financial statements, the Acton-Agua Dulce Unified School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Acton-Agua Dulce Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information is 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 our report dated January 13, 2022 on our consideration of Acton-Agua Dulce Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Acton-Agua Dulce Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Acton-Agua Dulce Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
January 13, 2022

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

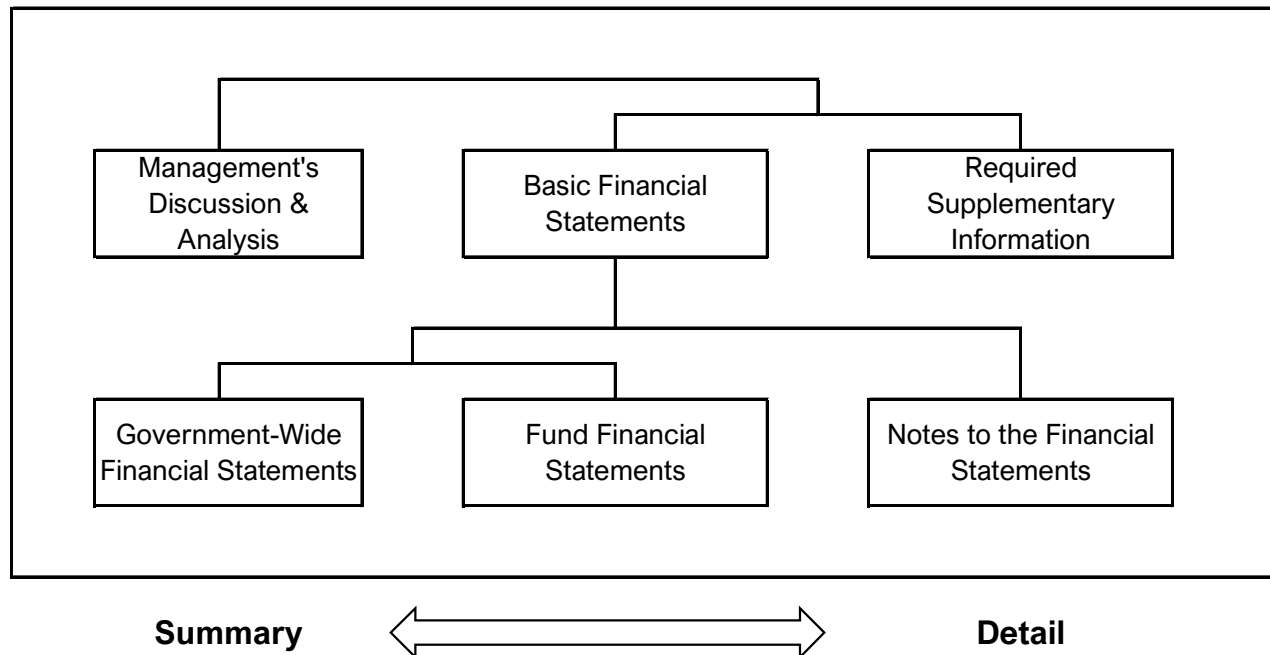
Our discussion and analysis of Acton-Agua Dulce Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$20,115,867 at June 30, 2021. This was a decrease of \$723,001 from the prior year, after restatement.
- Overall revenues were \$18,162,418 which was exceeded by expenses of \$18,885,419.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

Government-Wide Statements

The government-wide statements report 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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$20,115,867 at June 30, 2021, as reflected in the table below. Of this amount, \$(7,213,980) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 20,235,360	\$ 16,579,443	\$ 3,655,917
Capital assets	37,291,425	38,962,112	(1,670,687)
Total Assets	57,526,785	55,541,555	1,985,230
DEFERRED OUTFLOWS OF RESOURCES	3,422,343	3,961,968	(539,625)
LIABILITIES			
Current liabilities	6,778,029	4,202,303	2,575,726
Long-term liabilities	32,974,856	32,834,063	140,793
Total Liabilities	39,752,885	37,036,366	2,716,519
DEFERRED INFLOWS OF RESOURCES	1,080,376	1,773,420	(693,044)
NET POSITION			
Net investment in capital assets	24,865,867	25,137,152	(271,285)
Restricted	2,463,980	1,853,876	610,104
Unrestricted	(7,213,980)	(6,297,291)	(916,689)
Total Net Position	\$ 20,115,867	\$ 20,693,737	\$ (577,870)

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 63,580	\$ 193,270	\$ (129,690)
Operating grants and contributions	5,065,820	4,169,654	896,166
Capital grants and contributions	70	1,280	(1,210)
General revenues			
Property taxes	7,745,255	6,954,341	790,914
Unrestricted federal and state aid	3,478,965	5,130,553	(1,651,588)
Other	1,808,728	4,596,080	(2,787,352)
Total Revenues	18,162,418	21,045,178	(2,882,760)
EXPENSES			
Instruction	8,750,049	8,565,753	184,296
Instruction-related services	1,765,478	1,912,672	(147,194)
Pupil services	2,109,692	2,157,062	(47,370)
General administration	3,095,878	2,182,343	913,535
Plant services	1,739,892	2,330,234	(590,342)
Ancillary and community services	143,985	99,125	44,860
Debt service	897,018	859,657	37,361
Other outgo	383,427	1,111,683	(728,256)
Total Expenses	18,885,419	19,218,529	(333,110)
Change in net position	(723,001)	1,826,649	(2,549,650)
Net Position - Beginning, as Restated*	20,838,868	18,867,088	1,971,780
Net Position - Ending	\$ 20,115,867	\$ 20,693,737	\$ (577,870)

**Beginning net position was restated for the 2021 year only.*

The cost of all our governmental activities this year was \$18,885,419 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$7,745,255 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2021	2020
Instruction	\$ 5,075,295	\$ 6,337,709
Instruction-related services	1,667,047	1,848,616
Pupil services	1,282,144	1,304,785
General administration	3,064,452	2,175,699
Plant services	1,622,490	2,300,939
Ancillary and community services	113,891	99,125
Debt service	897,018	859,657
Transfers to other agencies	33,612	(72,205)
Total Expenses	\$ 13,755,949	\$ 14,854,325

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$14,487,231, which is more than this year's restated beginning fund balance of \$13,683,567. The District's General Fund had \$609,398 more in operating revenues than expenditures for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the District had invested \$37,291,425 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 1,325,300	\$ 1,325,300	\$ -
Construction in progress	-	1,603,958	(1,603,958)
Buildings & improvements	49,151,816	47,547,858	1,603,958
Furniture & equipment	2,087,638	2,017,703	69,935
Accumulated depreciation	(15,273,329)	(13,532,707)	(1,740,622)
Total Capital Assets	\$ 37,291,425	\$ 38,962,112	\$ (1,670,687)

Long-Term Liabilities

At year-end, the District had \$32,974,856 in long-term liabilities, an increase of 0.43% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 16,201,312	\$ 16,242,233	\$ (40,921)
Total certificates of participation	1,983,767	2,147,144	(163,377)
Capital leases	-	504,902	(504,902)
Compensated absences	44,851	107,824	(62,973)
Total OPEB liability	1,040,384	1,072,322	(31,938)
Net pension liability	14,667,355	13,846,168	821,187
Less: current portion of long-term liabilities	(962,813)	(1,086,530)	123,717
Total Long-term Liabilities	\$ 32,974,856	\$ 32,834,063	\$ 140,793

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19-induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

The May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

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 the Business Office, 32248 Crown Valley Road, Acton, California 93510, (661) 269-0750.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 16,197,118
Accounts receivable	4,038,242
Capital assets, not depreciated	1,325,300
Capital assets, net of accumulated depreciation	35,966,125
Total Assets	57,526,785
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,286,379
Deferred outflows related to OPEB	112,770
Deferred amount on refunding	23,194
Total Deferred Outflows of Resources	3,422,343
LIABILITIES	
Accrued liabilities	3,818,184
Unearned revenue	1,997,032
Long-term liabilities, current portion	962,813
Long-term liabilities, non-current portion	32,974,856
Total Liabilities	39,752,885
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	809,623
Deferred inflows related to OPEB	270,753
Total Deferred Inflows of Resources	1,080,376
NET POSITION	
Net investment in capital assets	24,865,867
Restricted:	
Capital projects	984,661
Debt service	866,977
Educational programs	371,542
Food service	110,854
Associated student body	129,946
Unrestricted	(7,213,980)
Total Net Position	\$ 20,115,867

The accompanying notes are an integral part of these financial statements.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 8,750,049	\$ 1,579	\$ 3,673,105	\$ 70	\$ (5,075,295)
Instruction-related services					
Instructional supervision and administration	545,229	-	92,014	-	(453,215)
Instructional library, media, and technology	26,671	-	129	-	(26,542)
School site administration	1,193,578	-	6,288	-	(1,187,290)
Pupil services					
Home-to-school transportation	678,530	-	1,704	-	(676,826)
Food services	703,167	408	616,182	-	(86,577)
All other pupil services	727,995	-	209,254	-	(518,741)
General administration					
Centralized data processing	647,546	-	4,959	-	(642,587)
All other general administration	2,448,332	-	26,467	-	(2,421,865)
Plant services	1,739,892	-	117,402	-	(1,622,490)
Ancillary services	143,985	14,220	15,874	-	(113,891)
Interest on long-term debt	897,018	-	-	-	(897,018)
Other outgo	383,427	47,373	302,442	-	(33,612)
Total Governmental Activities	\$ 18,885,419	\$ 63,580	\$ 5,065,820	\$ 70	(13,755,949)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					6,796,338
Property taxes, levied for debt service					883,397
Property taxes, levied for other specific purposes					65,520
Federal and state aid not restricted for specific purposes					3,478,965
Interest and investment earnings					73,981
Miscellaneous					1,734,747
Subtotal, General Revenue					13,032,948
CHANGE IN NET POSITION					(723,001)
Net Position - Beginning, as Restated					20,838,868
Net Position - Ending					\$ 20,115,867

The accompanying notes are an integral part of these financial statements.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 14,054,784	\$ 2,142,334	\$ 16,197,118
Accounts receivable	3,980,186	58,056	4,038,242
Total Assets	\$ 18,034,970	\$ 2,200,390	\$ 20,235,360
LIABILITIES			
Accrued liabilities	\$ 3,710,232	\$ 40,865	\$ 3,751,097
Unearned revenue	1,997,032	-	1,997,032
Total Liabilities	5,707,264	40,865	5,748,129
FUND BALANCES			
Nonspendable	1,000	-	1,000
Restricted	371,542	2,159,525	2,531,067
Assigned	543,748	-	543,748
Unassigned	11,411,416	-	11,411,416
Total Fund Balances	12,327,706	2,159,525	14,487,231
Total Liabilities and Fund Balances	\$ 18,034,970	\$ 2,200,390	\$ 20,235,360

The accompanying notes are an integral part of these financial statements.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balance - Governmental Funds \$ 14,487,231

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

Capital assets:

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

Capital assets	\$ 52,564,754	
Accumulated depreciation	<u>(15,273,329)</u>	37,291,425

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

23,194

Unmatured interest on long-term debt:

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

(67,087)

Long-term liabilities:

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

Total general obligation bonds	\$ 16,201,312	
Total certificates of participation	1,983,767	
Compensated absences	44,851	
Total OPEB liability	1,040,384	
Net pension liability	<u>14,667,355</u>	(33,937,669)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 3,286,379	
Deferred inflows of resources related to pensions	<u>(809,623)</u>	2,476,756

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 112,770	
Deferred inflows of resources related to OPEB	<u>(270,753)</u>	(157,983)

Total Net Position - Governmental Activities		<u>\$ 20,115,867</u>
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ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	\$ 10,069,519	\$ -	\$ 10,069,519
Federal sources	1,590,735	558,685	2,149,420
Other state sources	1,523,120	97,635	1,620,755
Other local sources	3,681,113	1,082,018	4,763,131
Total Revenues	16,864,487	1,738,338	18,602,825
EXPENDITURES			
Current			
Instruction	8,058,067	-	8,058,067
Instruction-related services			
Instructional supervision and administration	561,270	-	561,270
Instructional library, media, and technology	26,671	-	26,671
School site administration	1,008,684	-	1,008,684
Pupil services			
Home-to-school transportation	515,622	-	515,622
Food services	30,918	613,374	644,292
All other pupil services	690,052	-	690,052
General administration			
Centralized data processing	237,623	-	237,623
All other general administration	2,285,602	-	2,285,602
Plant services	1,620,441	-	1,620,441
Facilities acquisition and maintenance	-	14,743	14,743
Ancillary services	95,735	46,348	142,083
Transfers to other agencies	397,928	-	397,928
Debt service			
Principal	624,902	760,000	1,384,902
Interest and other	101,574	109,607	211,181
Total Expenditures	16,255,089	1,544,072	17,799,161
NET CHANGE IN FUND BALANCE	609,398	194,266	803,664
Fund Balance - Beginning, as Restated	11,718,308	1,965,259	13,683,567
Fund Balance - Ending	\$ 12,327,706	\$ 2,159,525	\$ 14,487,231

The accompanying notes are an integral part of these financial statements.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 803,664

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 69,935	
Depreciation expense:	<u>(1,740,622)</u>	(1,670,687)

Debt service:

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

1,384,902

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(3,313)

Unmatured interest on long-term debt:

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

7,679

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(693,516)

Compensated absences:

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

62,973

(Continued on next page)

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2021**

Postemployment benefits other than pensions (OPEB):

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

(26,314)

Pensions:

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

(606,203)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

17,814

Change in Net Position of Governmental Activities

\$ (723,001)

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Acton-Agua Dulce Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

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

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

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Non-Major Governmental Funds

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

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Project Funds: (continued)

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use 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 results from special revenue funds and the restrictions on their use.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use 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 under 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 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. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	7 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

Interfund Balances

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

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

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

G. 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.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has implemented this Statement as of June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives 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 statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives 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. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 16,063,201
Cash on hand and in banks	132,917
Cash in revolving fund	1,000
Total	\$ 16,197,118

B. 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; collateralized mortgage obligations; and the County Investment Pool.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Los Angeles County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$15,973,077 and an amortized book value of \$16,063,201. The average weighted maturity for this pool is 1,045 days.

E. 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 investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were not rated.

F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

H. Fair Value (continued)

The District's fair value measurements at June 30, 2021 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 15,973,077
Total	<u>\$ 15,973,077</u>

NOTE 3 – ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
Federal Government			
Categorical aid	\$ 2,473,479	\$ 51,668	\$ 2,525,147
State Government			
Apportionment	717,994	-	717,994
Categorical aid	450,259	4,342	454,601
Lottery	64,611	-	64,611
Local Government			
Other local sources	273,843	2,046	275,889
Total	<u>\$ 3,980,186</u>	<u>\$ 58,056</u>	<u>\$ 4,038,242</u>

NOTE 4 – CAPITAL ASSETS

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

	<u>Balance July 01, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,325,300	\$ -	\$ -	\$ 1,325,300
Construction in progress	1,603,958	-	1,603,958	-
Total Capital Assets not Being Depreciated	<u>2,929,258</u>	<u>-</u>	<u>1,603,958</u>	<u>1,325,300</u>
Capital assets being depreciated				
Buildings & improvements	47,547,858	1,603,958	-	49,151,816
Furniture & equipment	2,017,703	69,935	-	2,087,638
Total Capital Assets Being Depreciated	<u>49,565,561</u>	<u>1,673,893</u>	<u>-</u>	<u>51,239,454</u>
Less Accumulated Depreciation				
Buildings & improvements	11,828,221	1,666,824	-	13,495,045
Furniture & equipment	1,704,486	73,798	-	1,778,284
Total Accumulated Depreciation	<u>13,532,707</u>	<u>1,740,622</u>	<u>-</u>	<u>15,273,329</u>
Governmental Activities				
Capital Assets, net	<u>\$ 38,962,112</u>	<u>\$ (66,729)</u>	<u>\$ 1,603,958</u>	<u>\$ 37,299,425</u>

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 4 – CAPITAL ASSETS (continued)

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

Governmental Activities	
Instruction	\$ 844,072
Instructional supervision and administration	12,063
School site administration	114,587
Home-to-school transportation	93,735
Food services	53,324
All other pupil services	76,964
Centralized data processing	369,902
All other general administration	162,066
Plant services	10,986
Ancillary services	2,923
	<u>\$ 1,740,622</u>

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	General Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 679,548	\$ 12,595	\$ -	\$ 692,143
Vendors payable	3,030,684	28,270	-	3,058,954
Unmatured interest	-	-	67,087	67,087
Total	<u>\$ 3,710,232</u>	<u>\$ 40,865</u>	<u>\$ 67,087</u>	<u>\$ 3,818,184</u>

NOTE 6 – UNEARNED REVENUE

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

	Governmental Activities
Federal sources	\$ 1,840,451
State categorical sources	156,581
Total	<u>\$ 1,997,032</u>

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 7 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 9,228,476	\$ 693,516	\$ -	\$ 9,921,992	\$ -
Unamortized premium	283,757	-	19,437	264,320	19,436
Subtotal general obligation bonds	9,512,233	693,516	19,437	10,186,312	19,436
Direct placement general obligation bonds	6,730,000	-	715,000	6,015,000	775,000
Total general obligation bonds	16,242,233	693,516	734,437	16,201,312	794,436
Certificates of participation	2,165,000	-	165,000	2,000,000	170,000
Unamortized discount	(17,856)	-	(1,623)	(16,233)	(1,623)
Total certificates of participation	2,147,144	-	163,377	1,983,767	168,377
Capital leases	504,902	-	504,902	-	-
Compensated absences	107,824	-	62,973	44,851	-
Total OPEB liability	1,072,322	-	31,938	1,040,384	-
Net pension liability	13,846,168	821,187	-	14,667,355	-
Total	\$ 33,920,593	\$ 1,514,703	\$ 1,497,627	\$ 33,937,669	\$ 962,813

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund and the Capital Facilities Fund.
- Payments for capital leases are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

In the November 2008 election, the citizens of the District approved the issuance and sale of not more than \$13,000,000 of general obligation bonds to finance the addition and modernization of school facilities. Under such voters' authorization, there have been two bond issuances (Series A and Series 2009), as well as a partial refunding with terms summarized as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
Election 2008, Series A	April 1, 2009	August 1, 2033	2.50% - 6.90%	\$ 10,710,720	\$ 4,252,822	\$ 330,238	\$ -	\$ 4,583,060
Election 2008, Series 2009	April 1, 2009	May 1, 2039	6.90% - 6.97%	2,288,947	4,975,654	363,278	-	5,338,932
Direct placement: 2016 Refunding	July 19, 2016	August 1, 2027	1.72%	7,230,000	6,730,000	-	715,000	6,015,000
					\$ 15,958,476	\$ 693,516	\$ 715,000	\$ 15,936,992

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

2016 General Obligation Refunding Bonds

On July 19, 2016, the District issued \$7,230,000 in 2016 General Obligation Refunding Bonds, with a stated interest rate of 1.72 percent, to advance refund a portion of the District's outstanding Election of 2008, Series A General Obligation Bonds and pay the costs of issuance of the 2016 bonds. The 2016 General Obligation Refunding Bonds were issued as current interest bonds and have a final maturity date of August 1, 2027. The District received net proceeds of \$7,075,335 (including a payment of \$154,664 for issuance costs).

The net proceeds received for the 2016 General Obligation Refunding Bonds were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2008, Series A General Obligation Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred outflows on refunding of \$23,194 remain to be amortized. This refunding reduced total debt service payments by \$533,004 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$423,836.

The annual requirements to amortize these bonds are as follows:

Year Ended June 30,	General obligation bonds			Direct placement general obligation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ -	\$ -	\$ 775,000	\$ 109,607	\$ 884,607
2023	-	-	-	845,000	96,793	941,793
2024	-	-	-	915,000	82,861	997,861
2025	-	-	-	995,000	67,725	1,062,725
2026	-	-	-	1,070,000	51,299	1,121,299
2027 - 2031	1,259,378	4,320,622	5,580,000	1,415,000	50,095	1,465,095
2032 - 2036	1,613,715	7,746,285	9,360,000	-	-	-
2037 - 2039	1,312,572	8,972,428	10,285,000	-	-	-
Accretion	5,736,327	(5,736,327)	-	-	-	-
Total	\$ 9,921,992	\$ 15,303,008	\$ 25,225,000	\$ 6,015,000	\$ 458,380	\$ 6,473,380

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (continued)

B. Certificates of Participation

In August 2006, the District issued Series A Refunding Certificates of Participation amounting to \$3,670,000 payable in annual installments from August 1, 2007 through August 1, 2030. Interest rates range from 3.50 to 4.65 percent, payable beginning February 1, 2007. The agreement is between the District and the Los Angeles County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. The certificates were issued to provide for the prepayment of outstanding 1998 and 1999 certificates. In July 2012, the remaining certificates were prepaid with proceeds from the 2012 refunding certificates.

In July 2012, the District issued Series A-1 Refunding Certificates of Participation amounting to \$3,045,000 payable in annual installments from August 1, 2013 through August 1, 2030. Interest rates range from 2.0 to 4.125 percent, payable beginning February 1, 2013. The agreement is between the District and the Los Angeles County Schools Regionalized Business Services Corporation with the Bank of New York as trustee. The certificates were issued to provide for the prepayment of outstanding 2006 refunding certificates. At June 30, 2021, the principal outstanding was \$2,000,000.

The annual requirements to amortize these certificates are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 170,000	\$ 73,431	\$ 243,431
2023	180,000	67,956	247,956
2024	180,000	61,881	241,881
2025	185,000	55,494	240,494
2026	195,000	48,356	243,356
2027 - 2031	1,090,000	116,428	1,206,428
Total	\$ 2,000,000	\$ 423,546	\$ 2,423,546

C. Capital Leases

The District entered into a capital lease agreement with option to purchase, with quarterly payments in March, June, September, and December of each year, with principal maturing through December 2022. As of June 30, 2021 the District has paid off the lease in full in advance of maturity.

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$44,851. This amount is included as part of long-term liabilities in the government-wide financial statements.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (continued)

E. Other Postemployment Benefits

The District's beginning total OPEB liability was \$1,072,322 and decreased by \$31,938 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$1,040,384. See Note 9 for additional information regarding the total OPEB liability.

F. Net Pension Liability

The District's beginning net pension liability was \$13,846,168 and increased by \$821,187 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$14,667,355. See Note 10 for additional information regarding the net pension liability.

NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 1,000	\$ -	\$ 1,000
Total non-spendable	1,000	-	1,000
Restricted			
Educational programs	371,542	-	371,542
Food service	-	110,854	110,854
Associated student body	-	129,946	129,946
Capital projects	-	984,661	984,661
Debt service	-	934,064	934,064
Total restricted	371,542	2,159,525	2,531,067
Assigned			
Other assignments	413,058	-	413,058
Deferred maintenance	130,690	-	130,690
Total assigned	543,748	-	543,748
Unassigned	11,411,416	-	11,411,416
Total Fund Balance	\$ 12,327,706	\$ 2,159,525	\$ 14,487,231

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Acton-Agua Dulce Unified School District's OPEB plan, Acton-Agua Dulce Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The District offers medical and prescription drug benefits to its employees and retirees. A separate three-tiered rate structure applies to retirees under the age of 65. Eight medical/prescription drug options are offered to each retiree group as follows: Classified - Blue Cross PPO options 1A, 3C, 5C and 10D, and Kaiser plans 1, 2, 4 and 7; Certificated - Blue Cross PPO options 1A, 3C, 5C, 10D, and Kaiser plans 1, 2, 4 and 7 (all with Chiro); Confidential/Management - Blue Cross PPO options 2A, 3A, 8C, and 10D, and Kaiser plans 2, 3, 4 and 7. In addition, all groups are offered High Deductible Health Plan 2 and Wellness plan 1C.

Classified employees who have attained age 55 and completed at least 15 years of service, and have retired under CalPERS, are eligible to receive District-paid medical coverage (including dependents) up to a District cap of \$869.75/month. Classified employees hired on or after July 1, 2007 are required to have at least 20 years of service. Regardless of date of hire, Classified employees who are less than 75% full-time are not eligible for District-paid retiree health benefits. District-paid benefits end at age 65.

Certificated employees who have attained age 55, completed at least 15 years of full-time service, and have retired under CalSTRS, are eligible to receive District-paid medical coverage (including dependents) up to a District cap of \$786.42/month. District-paid benefits end at age 65.

Confidential and Management employees are eligible for benefits similar to those described above based on the retirement system they are covered by (PERS or STRS). Board members may participate in District health plans after retirement at their own expense.

C. Contributions

For fiscal year 2020-21, the District contributed \$35,001 to the Plan, all of which was used for current premiums.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	3
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	87
Total number of participants**	<u>90</u>

*Information not provided

**As of the July 1, 2020 valuation date

E. Total OPEB Liability

The Acton-Agua Dulce Unified School District's total OPEB liability of \$1,040,384 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.75%
Salary increases	3.00%
Investment rate of return	1.92%
Healthcare cost trend rates	6.00% for 2021-2023, 5.20% for 2024-2069 to an ultimate rate of 4.00% for 2070 and later years.

Non-economic assumptions:

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.

The actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

The discount rate used reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service cost	\$ 67,045
Interest on total OPEB liability	24,447
Difference between expected and actual experience	(148,587)
Changes of assumptions	60,158
Benefits payments	(35,001)
Net change in total OPEB liability	(31,938)
Total OPEB liability - beginning	1,072,322
Total OPEB liability - ending	<u>\$ 1,040,384</u>
 Covered-employee payroll	 \$ 8,718,342
 District's total OPEB liability as a percentage of covered-employee payroll	 11.93%

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

The following presents the total OPEB liability of the Acton-Agua Dulce Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92 percent) or one percentage point higher (2.92 percent) than the current discount rate:

	1% Decrease (0.92%)	Valuation Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB liability	\$ 1,111,450	\$ 1,040,384	\$ 974,188

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

The following presents the total OPEB liability of the Acton-Agua Dulce Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 1,005,668	\$ 1,040,384	\$ 1,081,337

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Acton-Agua Dulce Unified School District recognized OPEB expense of \$61,315. At June 30, 2021, the Acton-Agua Dulce Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 270,753
Changes in assumptions	112,770	-
Total	<u>\$ 112,770</u>	<u>\$ 270,753</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 19,958	\$ 50,135
2023	19,958	50,135
2024	19,958	50,135
2025	19,958	50,135
2026	16,716	34,474
Thereafter	16,222	35,739
Total	<u>\$ 112,770</u>	<u>\$ 270,753</u>

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 10,430,480	\$ 2,591,054	\$ 756,233	\$ 926,053
PERS Pension	4,236,875	695,325	53,390	959,357
Total	<u>\$ 14,667,355</u>	<u>\$ 3,286,379</u>	<u>\$ 809,623</u>	<u>\$ 1,885,410</u>

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$906,089 for the year ended June 30, 2021.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$608,523 to CalSTRS.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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:

District's proportionate share of the net pension liability	\$	10,430,480
State's proportionate share of the net pension liability associated with the District		5,376,871
Total	\$	15,807,351

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of July 1, 2020 and rolling forward the total pension liability to 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. At June 30, 2021, the District's proportion was 0.011 percent, which did not change from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$926,053. In addition, the District recognized pension expense and revenue of \$168,116 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 247,768	\$ -
Differences between expected and actual experience	18,405	294,157
Changes in assumptions	1,017,120	-
Changes in proportion and differences between District contributions and proportionate share of contributions	401,672	462,076
District contributions subsequent to the measurement date	906,089	-
Total	\$ 2,591,054	\$ 756,233

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The \$906,089 reported as 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 299,640	\$ 171,705
2023	535,353	151,039
2024	619,736	125,757
2025	198,591	126,080
2026	15,822	124,250
2027	15,823	57,402
Total	\$ 1,684,965	\$ 756,233

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10– PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan’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 the total pension liability.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 15,759,003	\$ 10,430,480	\$ 6,031,035

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$373,118 for the year ended June 30, 2021

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 of \$4,236,875 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.014 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$959,357. 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
Differences between projected and actual earnings on plan investments	\$ 88,198	\$ -
Differences between expected and actual experience	210,136	-
Changes in assumptions	15,537	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,336	53,390
District contributions subsequent to the measurement date	373,118	-
Total	\$ 695,325	\$ 53,390

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

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

The \$373,118 reported as 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 111,719	\$ 53,390
2023	94,663	-
2024	73,709	-
2025	42,116	-
Total	\$ 322,207	\$ 53,390

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 6,091,280	\$ 4,236,875	\$ 2,697,811

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. Litigation

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

C. Construction Commitments

As of June 30, 2021, the District had no commitments with respect to unfinished capital projects.

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Self Insurance Risk Management Authority (SIRMA) for Workers' Compensation, and the Self Insurance Risk Management Authority (SIRMA) for Liability and Property Protection. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2021, the deferred amount on refunding was \$23,194.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to pensions was \$3,286,379 and total deferred inflows related to pensions was \$809,623.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$112,770 and total deferred inflows related to other postemployment benefits was \$270,753.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 14 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The amounts previously reported at June 30, 2020 as the ending net position for Governmental Activities and the ending fund balance for the Student Activity Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts, it has been determined that the District's ASB accounts are not fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement. The June 30, 2020 ending balances have been restated as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 20,693,737
Restatement	145,131
Net Position - Beginning, as Restated	<u>\$ 20,838,868</u>
	Student Activity Fund
Fund Balance - Beginning, as Previously Reported	\$ -
Restatement	145,131
Fund Balance - Beginning, as Restated	<u>\$ 145,131</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 8,869,570	\$ 9,614,557	\$ 9,744,519	\$ 129,962
Federal sources	853,805	1,888,418	1,590,735	(297,683)
Other state sources	856,838	933,074	1,806,500	873,426
Other local sources	7,274,701	4,235,781	3,679,295	(556,486)
Total Revenues	17,854,914	16,671,830	16,821,049	149,219
EXPENDITURES				
Certificated salaries	6,476,698	5,979,778	5,751,255	228,523
Classified salaries	2,603,673	2,288,766	2,043,888	244,878
Employee benefits	3,373,609	3,204,409	3,097,836	106,573
Books and supplies	1,041,483	1,424,917	1,138,154	286,763
Services and other operating expenditures	2,917,085	2,788,591	2,792,937	(4,346)
Capital outlay	-	-	34,954	(34,954)
Excluding transfers of indirect costs	1,171,368	1,481,932	596,178	885,754
Total Expenditures	17,583,916	17,168,393	15,455,202	1,713,191
Excess (Deficiency) of Revenues				
Over Expenditures	270,998	(496,563)	1,365,847	1,862,410
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	11,111,491	11,111,491	11,111,491	-
Fund Balance - Ending	\$ 11,382,489	\$ 10,614,928	\$ 12,477,338	\$ 1,862,410

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- The audit adjustment to state revenues is not included in this schedule.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 67,045	\$ 63,803	\$ 59,491	\$ 38,445
Interest on total OPEB liability	24,447	32,461	33,581	41,375
Difference between expected and actual experience	(148,587)	-	(234,955)	-
Changes of assumptions	60,158	42,725	48,678	-
Benefits payments	<u>(35,001)</u>	<u>(79,331)</u>	<u>(72,818)</u>	<u>(87,385)</u>
Net change in total OPEB liability	(31,938)	59,658	(166,023)	(7,565)
Total OPEB liability - beginning	<u>1,072,322</u>	<u>1,012,664</u>	<u>1,178,687</u>	<u>1,186,252</u>
Total OPEB liability - ending	<u>\$ 1,040,384</u>	<u>\$ 1,072,322</u>	<u>\$ 1,012,664</u>	<u>\$ 1,178,687</u>
 Covered-employee payroll	 \$ 8,718,342	 \$ 7,642,789	 \$ 7,814,909	 \$ 7,909,343
 District's total OPEB liability as a percentage of covered-employee payroll	 11.93%	 14.03%	 12.96%	 14.90%

See accompanying note to required supplementary information.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.011%	0.011%	0.011%	0.011%	0.010%	0.010%	0.013%
District's proportionate share of the net pension liability	\$ 10,430,480	\$ 10,055,902	\$ 10,545,989	\$ 10,305,625	\$ 8,395,712	\$ 7,061,025	\$ 7,395,803
State's proportionate share of the net pension liability associated with the District	5,376,871	5,486,211	6,038,102	6,096,770	4,780,232	3,734,493	4,465,906
Total	<u>\$ 15,807,351</u>	<u>\$ 15,542,113</u>	<u>\$ 16,584,091</u>	<u>\$ 16,402,395</u>	<u>\$ 13,175,944</u>	<u>\$ 10,795,518</u>	<u>\$ 11,861,709</u>
District's covered payroll	\$ 6,024,952	\$ 6,009,735	\$ 6,050,416	\$ 5,991,770	\$ 5,451,417	\$ 4,967,365	\$ 5,637,030
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.1%	167.3%	174.3%	172.0%	154.0%	142.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.014%	0.013%	0.014%	0.015%	0.015%	0.014%	0.015%
District's proportionate share of the net pension liability	\$ 4,236,875	\$ 3,790,266	\$ 3,687,359	\$ 3,602,058	\$ 2,864,595	\$ 2,034,888	\$ 1,746,184
District's covered payroll	\$ 2,053,837	\$ 1,805,174	\$ 1,858,927	\$ 1,875,518	\$ 1,774,112	\$ 1,531,042	\$ 1,614,683
District's proportionate share of the net pension liability as a percentage of its covered payroll	206.3%	210.0%	198.4%	192.1%	161.5%	132.9%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%
The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.							

See accompanying note to required supplementary information.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 906,089	\$ 1,028,275	\$ 986,774	\$ 873,075	\$ 754,444	\$ 584,937	\$ 441,102
Contributions in relation to the contractually required contribution*	(906,089)	(1,028,275)	(986,774)	(873,075)	(754,444)	(584,937)	(441,102)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,751,255	\$ 6,024,952	\$ 6,009,735	\$ 6,050,416	\$ 5,991,770	\$ 5,451,417	\$ 4,967,365
Contributions as a percentage of covered payroll	15.75%	17.07%	16.42%	14.43%	12.59%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 373,118	\$ 392,593	\$ 328,932	\$ 288,710	\$ 260,742	\$ 210,179	\$ 180,219
Contributions in relation to the contractually required contribution*	(373,118)	(392,593)	(328,932)	(288,710)	(260,742)	(210,179)	(180,219)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,246,668	\$ 2,053,837	\$ 1,805,174	\$ 1,858,927	\$ 1,875,518	\$ 1,774,112	\$ 1,531,042
Contributions as a percentage of covered payroll	16.61%	19.12%	18.22%	15.53%	13.90%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for OPEB.

Changes in Assumptions

The discount rate changed from 2.45% to 1.92% since the previous valuation for OPEB.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Services and other operating expenditures	\$ 2,788,591	\$ 2,792,937	\$ 4,346
Capital outlay	\$ -	\$ 34,954	\$ 34,954

SUPPLEMENTARY INFORMATION

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 205,256
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	21,997
Title III, English Learner Student Program	84.365	14346	18,572
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	302,712
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	11,174
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	73
Subtotal Special Education Cluster			<u>313,959</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	89,242
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	142,670
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	159,164
Subtotal Education Stabilization Fund Discretionary Grants			<u>391,076</u>
Total U. S. Department of Education			<u>950,860</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	32,053
School Breakfast Program - Needy	10.553	13526	166,625
National School Lunch Program	10.555	13391	326,455
USDA Commodities	10.555	*	33,552
Total U. S. Department of Agriculture			<u>558,685</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	639,875
Total U. S. Department of the Treasury			<u>639,875</u>
Total Federal Expenditures			<u>\$ 2,149,420</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	2020-21 Number of Days	Status
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 15,136,592	\$ 16,821,049	\$ 19,823,516	\$ 20,374,465
Expenditures And Other Financing Uses	15,220,429	15,455,202	16,504,673	16,142,729
Net change in Fund Balance	\$ (83,837)	\$ 1,365,847	\$ 3,318,843	\$ 4,231,736
Ending Fund Balance	\$ 12,393,501	\$ 12,477,338	\$ 11,111,491	\$ 7,792,648
Available Reserves*	\$ 10,993,561	\$ 11,411,416	\$ 7,845,019	\$ 7,499,535
Available Reserves As A Percentage Of Outgo	72.23%	73.84%	47.53%	46.46%
Long-term Liabilities	\$ 32,974,856	\$ 33,937,669	\$ 33,920,593	\$ 34,622,776
Average Daily Attendance At P-2***	982	934	934	1,029

The General Fund ending fund balance has increased by \$4,684,690 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$83,837. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have decreased by \$685,107 over the past two years.

Average daily attendance has decreased by 95 ADA over the past two years. An increase of 47 ADA is anticipated during the 2021-22 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Benefits Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2021, annual financial and budget report fund balance	\$ 12,477,338	\$ 130,690	\$ 3,058
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Accounts receivable	(283,380)	-	-
Fund balance transfer (GASB 54)	133,748	(130,690)	(3,058)
Net adjustments and reclassifications	(149,632)	(130,690)	(3,058)
June 30, 2021, audited financial statement fund balance	<u>\$ 12,327,706</u>	<u>\$ -</u>	<u>\$ -</u>

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2021**

Charter #	Charter School	Status	Included in Audit Report
1458	Assurance Learning Academy	Active	No
1651	Compass Charter Schools of Los Angeles	Active	No
1697	Method Schools, LA	Active	No
1699	iLEAD Hybrid	Active	No
1700	SIATech Academy South	Active	No
1751	California Pacific Charter- Los Angeles	Active	No
1836	Empower Generations	Active	No
1902	iLEAD Online	Active	No
1911	Options For Youth-Acton, INC.	Active	No
1972	Mission Academy	Active	No
2003	iLEAD Agua Dulce	Active	No
1828	Pathways Academy Charter Adult Education	Closed*	No

**Charter expired June 30, 2021.*

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS								
Cash and investments	\$ 132,917	\$ 92,608	\$ 434,273	\$ 8,546	\$ 499,776	\$ 40,150	\$ 934,064	\$ 2,142,334
Accounts receivable	-	56,140	761	18	1,082	55	-	58,056
Total Assets	\$ 132,917	\$ 148,748	\$ 435,034	\$ 8,564	\$ 500,858	\$ 40,205	\$ 934,064	\$ 2,200,390
LIABILITIES								
Accrued liabilities	\$ 2,971	\$ 37,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,865
Total Liabilities	2,971	37,894	-	-	-	-	-	40,865
FUND BALANCES								
Restricted	129,946	110,854	435,034	8,564	500,858	40,205	934,064	2,159,525
Total Fund Balances	129,946	110,854	435,034	8,564	500,858	40,205	934,064	2,159,525
Total Liabilities and Fund Balance	\$ 132,917	\$ 148,748	\$ 435,034	\$ 8,564	\$ 500,858	\$ 40,205	\$ 934,064	\$ 2,200,390

See accompanying note to supplementary information.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES								
Federal sources	\$ -	\$ 558,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 558,685
Other state sources	-	91,967	-	-	-	-	5,668	97,635
Other local sources	31,163	573	109,115	70	2,752	50,057	888,288	1,082,018
Total Revenues	31,163	651,225	109,115	70	2,752	50,057	893,956	1,738,338
EXPENDITURES								
Pupil services								
Food services	-	613,374	-	-	-	-	-	613,374
Facilities acquisition and maintenance	-	-	1,500	-	3,391	9,852	-	14,743
Ancillary services	46,348	-	-	-	-	-	-	46,348
Debt service								
Principal	-	-	45,000	-	-	-	715,000	760,000
Interest and other	-	-	-	-	-	-	109,607	109,607
Total Expenditures	46,348	613,374	46,500	-	3,391	9,852	824,607	1,544,072
NET CHANGE IN FUND BALANCE	(15,185)	37,851	62,615	70	(639)	40,205	69,349	194,266
Fund Balance - Beginning, as Restated	145,131	73,003	372,419	8,494	501,497	-	864,715	1,965,259
Fund Balance - Ending	\$ 129,946	\$ 110,854	\$ 435,034	\$ 8,564	\$ 500,858	\$ 40,205	\$ 934,064	\$ 2,159,525

See accompanying note to supplementary information.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2021**

The Acton-Agua Dulce Unified School District was established in 1881 and is comprised of an area of approximately 200 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is operating one elementary school, one middle school, and one high school.

GOVERNING BOARD

Member	Office	Term Expires
Tim Jorgensen	President	2024
Chad Wadsworth	Vice President	2022
Brianna Taksony	Clerk	2022
Ken Pfalzgraf	Member	2022
Kelly Jensen	Member	2022

DISTRICT ADMINISTRATORS

Dr. Eric Sahakian
Superintendent

Agha Mirza
Assistant Superintendent, Business Services

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
Acton-Agua Dulce Unified School District
Acton, 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 governmental activities, each major fund, and the aggregate remaining fund information of Acton-Agua Dulce Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Acton-Agua Dulce Unified School District's basic financial statements, and have issued our report thereon dated January 13, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acton-Agua Dulce Unified 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 Acton-Agua Dulce Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Acton-Agua Dulce Unified 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 Acton-Agua Dulce Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
January 13, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Acton-Agua Dulce Unified School District
Acton, California

Report on Compliance for Each Major Federal Program

We have audited Acton-Agua Dulce Unified School District's compliance with the types of compliance requirements described in the *OMB Circular OMB Compliance Supplement* that could have a direct and material effect on each of Acton-Agua Dulce Unified School District's major federal programs for the year ended June 30, 2021. Acton-Agua Dulce Unified 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 Acton-Agua Dulce Unified 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 Acton-Agua Dulce Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Acton-Agua Dulce Unified School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

A handwritten signature in blue ink that reads "Christy White, Inc".

San Diego, California
January 13, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Acton-Agua Dulce Unified School District
Acton, California

Report on State Compliance

We have audited Acton-Agua Dulce Unified School District's 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*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Acton-Agua Dulce Unified School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Acton-Agua Dulce Unified School District's state 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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Acton-Agua Dulce Unified 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 with the requirements referred to above. However, our audit does not provide a legal determination of Acton-Agua Dulce Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Acton-Agua Dulce Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2021-001. Our opinion on state compliance is not modified with respect to these matters.

Acton-Agua Dulce Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Acton-Agua Dulce Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Acton-Agua Dulce Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
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
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
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
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable



San Diego, California
January 13, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
	COVID-19 Emergency Acts	
	Funding/Education Stabilization Fund	
<u>84.425C, 84.425D</u>	<u>Discretionary Grants</u>	
	Coronavirus Relief Fund (CRF):	
<u>21.019</u>	<u>Learning Loss Mitigation</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2021.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2021-001 INSTRUCTIONAL MATERIALS (70000)

Criteria: Per Education Code Section 60119, the resolution for instructional materials must make a written determination as to whether each pupil enrolled in foreign language or health course had sufficient textbooks or instructional materials. The governing board must also make a determination on the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9-12, inclusive.

Condition: The District's resolution for instructional materials did not include the required written determinations.

Cause: Clerical error.

Effect: The District is not in compliance with California Education Code Section 60119.

Questioned Costs: Funding for this program has ended, thus there are no questioned costs related to instructional materials.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the District comply with Education Code Section 60119 in the future and ensure that the resolution consists of all the required written determinations and language.

Corrective Action Plan: The Executive Assistant to the Superintendent was notified to utilize the up-to-date instructional materials resolution that is in compliance with ed code 60119. This will ensure the clerical error doesn't occur again.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001 – ASSOCIATED STUDENT BODY (30000)

Criteria: Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations, and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

Condition: Through our testing of the school site associated student body (ASB) accounts, we noted the following internal control deficiencies:

High Desert School

- 2 of 10 cash disbursements sampled were missing at least 1 of the required 3 approval signatures.

Vasquez High School

- 1 of 10 cash receipts sampled were not deposited timely (deposited over a month after collection).
- 1 of 10 cash receipts sampled did not have any supporting documentation on file.

Effect: The potential for irregularities in accounting may go undetected.

Cause: Insufficient controls over ASB activities

Repeat finding: Yes, see prior year finding #2019-001.

Recommendation: We recommend the District work with the ASB support staff, including school site principals to ensure that all ASBs are following the FCMAT recommended procedures for student body accounting.

Corrective Action Plan: The District will continue with the procedures for creation and review of monthly reconciliation reports to be reviewed and signed by ASB, the ASB Bookkeeper, the Principal, and the Assistant Superintendent of Business Services.

- All staff involved in ASB (ASB Advisor, ASB Bookkeeper, the Principal, and the Assistant Superintendent of Business Services) will attend ASB training through FCMAT and/or CASBO
- Implement a procedure for the ASB Bookkeeper to verify: 1a) Were any disbursements requested during the week of MM/DD/YY?, 1b) If disbursements were requested, were all 3 required signatures obtained PRIOR to disbursement, and 2a) Was any cash collected during the week of MM/DD/YY?, 2b) Written verification via email that all cash collected by the end of school on Friday that week has been deposited at the bank by the close of business on Friday that week. Weekly email verifications will be maintained in the Business Office with feedback and support to the site should any procedural issues occur.

Current Status: Implemented.