

AUBURN UNION SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

AUBURN UNION SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Auburn Union School District
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Union School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Auburn Union 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, each major fund, and the aggregate remaining fund information of the Auburn Union 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.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This resulted in a restatement of the beginning governmental activities net position and the beginning general fund fund balance totaling \$33,461. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 14 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Charter School Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Auburn Union School District's basic financial statements. The accompanying schedule of expenditure 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* and the supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022 on our consideration of Auburn Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Auburn Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Auburn Union School District's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
February 28, 2022



AUBURN UNION SCHOOL DISTRICT

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MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2021

This annual report consists of three parts – Management’s Discussion & Analysis, the basic financial statements and required supplementary information.

The Management’s Discussion and Analysis consists of six sections:

- **Overview of the Financial Statements** – Serves as a guide to reading the financial statements provided in the sections following the Management’s Discussion & Analysis.
- **Financial Highlights** – Emphasizes significant actions implemented by the District, as well as significant factors affecting the District.
- **Financial Analysis of the District as a Whole** – Illustrates the District’s current, as well as, long-term assets and liabilities.
- **Financial Analysis of the District’s Funds** – Illustrates and compares the District’s primary activities.
- **Capital Asset and Debt Administration** – Illustrates the District’s investment in capital assets and its level of debt.
- **Economic Factors and Next Year’s Budget** – Illustrates issues that management sees as relevant to the future financial health of the District.

The following section provides an overview of the District’s financial activities for the fiscal year ending June 30, 2021. It is management’s view of the District’s financial condition. It should be read in conjunction with the independent auditor’s opinion, the basic financial statements, and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

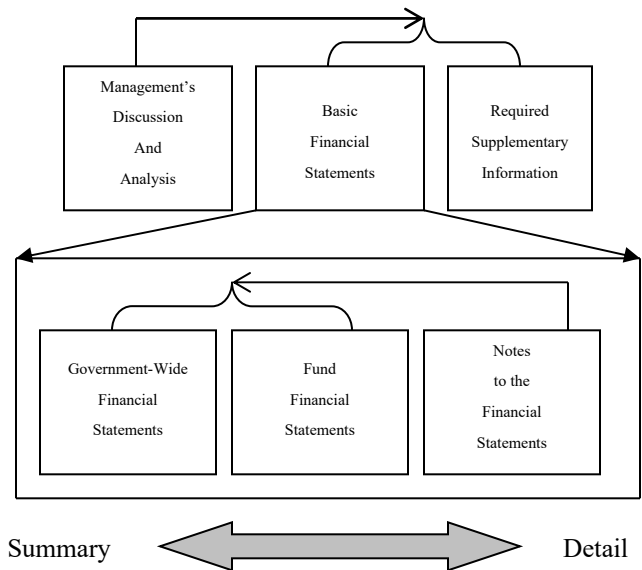
The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.

The fund financial statements can be further broken down into two types:

- *Governmental funds statements* illustrate how basic services (such as regular and special education) were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the fiscal year. The diagram presented here shows how the various parts of the annual financial report are arranged and relate to one another.



The chart on the next page summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and content of each of the statements.

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Government Funds
Scope	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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 District's assets, deferred outflows, liabilities and deferred inflows. 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 (the difference between the District's assets plus deferred outflows and liabilities plus deferred inflows) is one way to measure the District's financial health. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, additional non-financial factors (including the condition of the District's school buildings and other facilities) must be considered.

In the government-wide financial statements, the District's activities are reported as Governmental activities. Most of the District's services are included here, such as regular education, special education, transportation and administration. Funding received from the State of California through the Local Control Funding Formula, along with categorical and special funding received from the federal and state governments finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

There are two types of funds that the District utilizes:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in the determination of whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the government-wide statements; therefore additional information at the bottom of the governmental funds statements is provided that explains the relationship (or differences) between them.

FINANCIAL HIGHLIGHTS

- The financial statements reflect the District's educational policy of sound instructional programs and delivery systems through the prudent allocation of financial resources.
- Auburn Union School District consists of three traditional elementary schools, one traditional middle school, and one charter elementary school:
 - Traditional schools: Auburn Elementary, Rock Creek Elementary, Skyridge Elementary, and EV Cain Middle School
 - Charter elementary school: Alta Vista Community Charter School
- District school enrollment has declined 8 out of the last 10 years. Enrollment for District schools in 2020/21 was 1,569, which was decrease of 165 students from the prior year. Alta Vista Community Charter School enrollment has increased 7 out of the 9 years. Enrollment for Alta Vista in 2020/21 was 173, which was an increase of 13 students from the prior year.
- The ratio of attendance to enrollment was approximately 96% in 2020/21.
- The main funding source for schools in California is the Local Control Funding Formula (LCFF), which was introduced in 2013/14. The goal of this funding formula is to provide local education agencies with flexibility to direct resources to meet student needs, increase funding transparency and simplify how funding is provided to schools. LCFF focuses attention on performance by creation of the Local Control Accountability Plan (LCAP). The LCAP describes how resources are used, with a focus on eight State priorities, linking programs to local education agency budgets.
- In 2020/21, the District's number of unduplicated English language learner, economically disadvantaged and foster student population was 930 which represents 59% of enrollment.
- During 2020/21, Certificate of Participation (COP) payments for debt service were funded from developer fees, interest income and tax revenue.
- Starting in 2014/15 the Governmental Accounting Standards Board implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The result is the recognition of a Net Pension Liability and Deferred Outflows and Inflows on the District's Statement of Net Position. While this has a significant negative impact on the District's Net Position, it does not represent a liability for which the District must make payments in the foreseeable future.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A review of the District as a whole can best be seen in the strength of the District's net position and the subsequent changes in net position.

The computation of the District net position is presented by category in the table below:

	Government-Wide Statement of Net Position		
	June 30, 2020	June 30, 2021	% Variance
Assets:			
Cash and Investments	\$ 41,594,557	\$ 44,572,089	
Receivables	2,047,917	3,327,969	
Prepaid Expenses	153,259	43,003	
Store Inventory	61,625	45,994	
Capital Assets, net of Depreciation	10,362,965	9,972,232	
Total Assets	54,220,323	57,961,287	6.9%
Deferred Outflows of Resources	7,060,769	6,510,026	-7.8%
Liabilities:			
Accounts Payable	2,237,162	3,391,506	
Deferred Revenue	125,710	223,398	
Long-term Liabilities			
Current Portion	367,243	1,981,160	
Non-Current Portion	63,931,411	63,048,957	
Total Liabilities	66,661,526	68,645,021	3.0%
Deferred Inflows of Resources	2,107,274	1,699,952	-19.3%
Net Position:			
Net investment in capital assets	10,022,285	11,574,752	
Restricted	1,115,127	1,528,013	
Unrestricted	(18,625,120)	(18,977,325)	
Total Net Position	\$ (7,487,708)	\$ (5,873,660)	21.6%

Total net position increased by \$1,614,048 during the 2020/21 fiscal year. Capital assets net of depreciation decreased by a total of \$390,733 due primarily to depreciation. Stores inventory decreased by \$15,631 related to unused inventory associated with reduced operations associated with COVID-19. Cash and Investments increased by \$2,977,532 due primarily to the large volume of State and Federal funds received related to COVID and reduced spending due to distance learning. Total liabilities had a net increase of \$1,983,495, primarily as a result of accounts payable and pension accrual adjustments relating to GASB 68.

GASB 68 pension related transactions included on the Statement of Net Position are as follows:

Deferred outflows of resources related to pensions: \$4,861,971

Deferred inflows of resources related to pensions: \$1,525,000

Net Pension Liability: \$22,475,000

It should be noted that land is accounted for at purchase value, not market value, and is not depreciated. Market value for District property is significantly higher than book value recorded in assets as the District acquired the land decades ago.

Changes in Net Position

A summary of total District revenues, expenses, and change in net position is presented in the table below:

	Government-Wide Activities		
	2019/20	2020/21	% Variance
Revenues – Program:			
Charges for Services	\$ 468,058	\$ 366,170	
Operating Grants and Contributions	4,148,659	6,754,250	
Revenues – General:			
Taxes Levied for General Purposes	12,137,683	12,640,248	
Taxes Levied for Other Debt Service	392,812	416,753	
Taxes Levied for Other Specific Purposes	183,714	194,286	
Unrestricted Federal and State Aid	6,369,856	5,230,336	
Interest and Investment Earnings	2,513,152	2,590,501	
Miscellaneous	229,848	229,938	
Total Revenues	\$ 26,443,782	\$ 28,422,482	7.5%
Expenses:			
Instruction	\$ 14,789,577	\$ 13,748,570	
Instruction Related	2,420,694	2,943,068	
Pupil Services	3,329,857	3,268,981	
General Administration	1,988,758	2,163,841	
Plant Services	2,654,556	2,440,021	
Other Expenses	2,121,094	2,277,414	
Total Expenses	\$ 27,304,536	\$ 26,841,895	-1.7%
Net Position, Beginning of the Year	\$ (6,626,954)	\$ (7,487,708)	
Change in Net Position	(860,754)	1,580,587	
Cumulative effect of GASB 84 Implementation	-	33,461	
Net Position, End of the Year	\$ (7,487,708)	\$ (5,873,660)	21.6%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Ending Fund Balances	2019/20	2020/21	Difference	% Change
General (Unrestricted & Restricted)	\$ 3,900,146	\$ 5,174,033	\$ 1,307,348	33.5%
Charter Schools	69,945	73,707	3,762	5.4%
Cafeteria	330,992	49,238	(281,754)	-85.1%
Building	1,688	1,695	7	0.4%
Capital School Facilities	60,408	110,258	49,850	82.5%
County School Facilities	48	48	0	0.0%
Special Reserve for Capital Outlay	36	36	0	0.0%
Mello Roos - Capital Project	389	391	2	0.5%
Mello Roos - Debt Service	48,192	17,599	(30,593)	-63.5%
Special Reserve 56 Debt Service	37,275,700	39,109,252	1,833,552	4.9%
Total	\$ 41,654,083	\$ 44,536,257	\$ 2,882,174	6.9%

GENERAL FUND RECAP – FUND 01

Unrestricted-Restricted Combined	2019/20	2020/21	Difference
Beginning Balance	\$ 4,398,388	\$ 3,866,685	\$ (531,703)
Revenues + Transfer In/Sources	20,968,264	22,927,336	1,959,072
Expenditure + Transfer Out/Uses	21,585,349	21,653,449	68,100
Ending Balance	\$ 3,781,303	5,140,571	1,359,268

Unrestricted Only	2019/20	2020/21	Difference
Beginning Balance	\$ 3,640,984	\$ 3,397,375	\$ (243,609)
Revenues + Transfer In/Sources	17,055,853	16,349,466	(706,387)
Expenditure + Transfer Out/Uses	17,299,462	15,848,721	(1,450,741)
Ending Balance	\$ 3,397,375	\$ 3,898,121	500,746

The increases in revenues and decrease in expenditures are primarily due to one-time pandemic funding and reduced expenditures due to distance learning in 2020-21. The increase in ending fund balance is primarily associated with pandemic-related funding and spending.

The General Fund is used for operating expenditures for the majority of the functions within the District, and 75% of all expenditures (excluding capital outlay) are tied to salaries and benefits.

Contributions to Major Programs from Unrestricted General Fund

The following programs in the general fund required financial contributions to fund operations:

Underfunded Programs	Amount
Special Education – AUSD Contribution from Unrestricted	\$ 3,054,873
Special Education – Charter Fund Contribution (Alta Vista)	94,275
Total Contributions	\$ 3,064,300

CHARTER FUND RECAP – FUND 09, Alta Vista Community Charter School

Unrestricted	2019/20	2020/21	Difference
Beginning Balance	\$ 46,046	\$ 69,946	\$ 23,900
Revenues + Transfer In/Sources	1,550,648	1,855,491	304,843
Expenditure + Transfer Out/Uses	1,526,749	1,815,729	288,980
Ending Balance	\$ 69,945	\$ 73,707	\$ 3,762

Alta Vista Revenue

Following is a breakdown of major funding sources:

General Purpose LCFF Sources	\$ 1,390,762
Federal Revenues	125,096
Other State Revenues	230,580
Other Local Revenues	14,778
Transfers In/Other Sources	94,275
Total	\$ 1,885,491

Alta Vista Expenses

Below is a breakout of expenses for Alta Vista Charter. Other Outgo/Transfer expenses are comprised of services shared with the District and indirect/oversight costs.

Certificated Salaries	\$ 769,440
Classified Salaries	178,046
Employee Benefits	336,233
Books and Supplies	111,915
Services	110,959
Capital Outlay	7,324
Other Outgo/Transfers Out	337,813
Total Expenditures	\$ 1,851,730

General Fund Budgetary Highlights

Budget revisions were made through-out the fiscal year. The items included in these revisions fell into four main categories:

- Increases to both estimated income and expenditures due to the receipt of new grant awards or donations.
- The budgeting of carryover balances from prior years. It is District practice not to adjust the budget carryover balances until after the end of the prior fiscal year and those figures are known.
- Increases / decreases in salaries as a result of salary negotiations
- Increases in appropriations to prevent budget overruns.

The District's 2020/21 General Fund operating budget was adopted by the Governing Board in June of 2020. As adopted, budgeted fund inflows totaled \$22.9 million, and projected fund outflows totaled \$22.4 million. As a result of budgeted appropriations exceeding revenues, the District originally estimated an increase to fund balance of \$607k. The actual results reflect an increase to fund balance of \$1.3 million. This resulted in an ending fund balance of approximately \$5.2 million, combined unrestricted and restricted funds. Of this amount, \$3.9 million is unrestricted.

Below is a summary of the primary differences when comparing the actual results to the originally adopted 2020/21 budget:

- The District received revenue and inflows of approximately \$141k less than the original budget as a result of:
 - Federal revenue was less than originally projected by \$193K as a result less reimbursement of expenses due to COVID-19 for Title I, II and III.
 - Other State revenue decreased by \$36k
 - The remaining differences are from all other sources, including transfers
- The District incurred expenses and outflows of \$808k less than the original budget as a result of:
 - Using less services than projected;
 - Contribution for Fund 13 not required;
 - Less COVID resources were expended than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets at Year-End (Net of Depreciation)

	2019/20	2020/21	Difference
Land	\$ 2,204,807	\$ 2,204,807	0
Improvement of Sites	133,358	148,878	\$ 15,520
Buildings	7,758,407	7,265,694	(492,713)
Equipment	266,393	352,853	(86,460)
Totals	\$ 10,362,965	\$ 9,972,232	\$ (563,653)

The decrease in the District's capital assets is primarily associated by recognizing depreciation expense for the 2020/21 fiscal year.

Long-term Liabilities at Year-End

	2019/20	2020/21	Difference
Certificates of Participation (COP)	\$ 39,125,460	\$ 39,061,081	\$ (64,379)
COP Accreted Interest Payable	1,181,642	1,116,504	(65,138)
Compensated Absences	129,716	135,156	5,440
Net Pension Liability (GASB 68)	21,761,000	22,475,000	714,000
Retiree Health Benefits	2,100,836	2,242,376	141,540
Totals	\$ 64,298,654	\$ 65,030,117	\$ 731,463

The District's long-term liabilities increased in 2020/21 by \$731K primarily as a result of GASB 68 accounting adjustments.

This financial report is designed to provide our parents, citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Heather Leslie
 Chief Business Officer
 Auburn Union School District
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 Auburn, CA 95603
 (530) 885-7242

BASIC FINANCIAL STATEMENTS

AUBURN UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 44,572,089
Receivables	3,327,969
Prepaid expenses	43,003
Stores inventory	45,994
Non-depreciable capital assets (Note 4)	2,204,807
Capital assets, net of accumulated depreciation (Note 4)	<u>7,767,425</u>
Total assets	<u>57,961,287</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	4,861,971
Deferred outflows of resources - OPEB (Notes 9)	93,677
Deferred outflow from advance refunding of debt	<u>1,554,378</u>
Total deferred outflows of resources	<u>6,510,026</u>
LIABILITIES	
Accounts payable	3,391,506
Deferred revenue	223,398
Long-term liabilities (Note 5):	
Due within one year	1,981,160
Due after one year	<u>63,048,957</u>
Total liabilities	<u>68,645,021</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	1,525,000
Deferred inflows of resources - OPEB (Notes 9)	<u>174,952</u>
Total deferred inflows of resources	<u>1,699,952</u>
NET POSITION	
Net investment in capital assets	11,574,752
Restricted:	
Legally restricted programs	1,398,857
Capital projects	112,457
Debt service	17,599
Unrestricted	<u>(18,977,325)</u>
Total net position	<u>\$ (5,873,660)</u>

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

AUBURN UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
June 30, 2021

		Program Revenues				Net (Expense) Revenues and Change in <u>Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		<u>Governmental Activities</u>
Governmental activities:						
Instruction	\$ 13,748,570	\$ 18,409	\$ 4,268,794	\$ -		\$ (9,461,367)
Instruction-related services:						
Supervision of instruction	1,101,491	-	202,722	-		(898,769)
Instructional library, media and technology	142,306	-	-	-		(142,306)
School site administration	1,699,271	878	246,340	-		(1,452,053)
Pupil services:						
Home-to-school transportation	790,638	-	107,544	-		(683,094)
Food services	898,812	2,198	605,829	-		(290,785)
All other pupil services	1,579,531	-	536,822	-		(1,042,709)
General administration:						
Data processing	317,907	-	-	-		(317,907)
All other general administration	1,845,934	16,501	220,593	-		(1,608,840)
Plant services	2,440,021	-	340,512	-		(2,099,509)
Ancillary services	-	-	12,215	-		12,215
Interest on long-term liabilities	1,444,493	-	-	-		(1,444,493)
Other outgo	<u>832,921</u>	<u>328,184</u>	<u>212,879</u>	<u>-</u>		<u>(291,858)</u>
Total governmental activities	<u>\$ 26,841,895</u>	<u>\$ 366,170</u>	<u>\$ 6,754,250</u>	<u>\$ -</u>		<u>(19,721,475)</u>
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes						12,640,248
Taxes levied for debt service						416,753
Taxes levied for other specific purposes						194,286
Federal and state aid not restricted to specific purposes						5,230,336
Interest and investment earnings						2,590,501
Miscellaneous						<u>229,938</u>
Total general revenues						<u>21,302,062</u>
Change in net position						1,580,587
Net position, July 1, 2020						<u>(7,487,708)</u>
Cumulative effect of GASB 84 implementation						<u>33,461</u>
Net position, July 1, 2020, as restated						<u>(7,454,247)</u>
Net position, June 30, 2021						<u>\$ (5,873,660)</u>

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

AUBURN UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Charter School Fund	Special Reserve 56 Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County					
Treasury	\$ 5,250,197	\$ -	\$ 181,997	\$ 126,542	\$ 5,558,736
Cash awaiting deposit	35,046	3,072	-	6,978	45,096
Cash on hand and in banks	33,461	-	-	2,500	35,961
Cash in revolving fund	5,070	-	-	-	5,070
Cash with fiscal agent	-	-	38,927,226	-	38,927,226
Receivables	2,883,785	146,909	29	297,246	3,327,969
Due from other funds	1,375,673	1,065,966	-	-	2,441,639
Prepaid expenditures	34,011	8,992	-	-	43,003
Stores inventory	-	-	-	45,994	45,994
	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,994</u>	<u>45,994</u>
 Total assets	 <u>\$ 9,617,243</u>	 <u>\$ 1,224,939</u>	 <u>\$ 39,109,252</u>	 <u>\$ 479,260</u>	 <u>\$ 50,430,694</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,153,846	\$ 42,513	\$ -	\$ 33,041	\$ 3,229,400
Deferred revenue	223,398	-	-	-	223,398
Due to other funds	1,065,966	1,108,719	-	266,954	2,441,639
	<u>4,443,210</u>	<u>1,151,232</u>	<u>-</u>	<u>299,995</u>	<u>5,894,437</u>
 Total liabilities	 <u>4,443,210</u>	 <u>1,151,232</u>	 <u>-</u>	 <u>299,995</u>	 <u>5,894,437</u>
Fund balances:					
Nonspendable	39,081	8,992	-	45,994	94,067
Restricted	1,275,912	64,715	39,109,252	133,271	40,583,150
Assigned	3,212,746	-	-	-	3,212,746
Unassigned	646,294	-	-	-	646,294
	<u>5,174,033</u>	<u>73,707</u>	<u>39,109,252</u>	<u>179,265</u>	<u>44,536,257</u>
 Total fund balances	 <u>5,174,033</u>	 <u>73,707</u>	 <u>39,109,252</u>	 <u>179,265</u>	 <u>44,536,257</u>
 Total liabilities and fund balances	 <u>\$ 9,617,243</u>	 <u>\$ 1,224,939</u>	 <u>\$ 39,109,252</u>	 <u>\$ 479,260</u>	 <u>\$ 50,430,694</u>

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

AUBURN UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - Governmental Funds \$ 44,536,257

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$32,927,317 and the accumulated depreciation is \$22,955,085 (Note 4). 9,972,232

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2021 consisted of (Note 5):

Certificates of Participation	\$ (39,061,081)	
Accreted interest	(1,116,504)	
Total OPEB liability (Note 9)	(2,242,376)	
Compensated absences	(135,156)	
Net pension liability (Notes 7 and 8)	<u>(22,475,000)</u>	
		(65,030,117)

In governmental funds, interest on long-term liabilities 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. (162,106)

Deferred outflows of resources resulting from defeasance of debt are not recorded in governmental funds. In governmental activities, for advanced refundings resulting in the defeasance of debt reported in the governmental activities, the difference between the reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources (Note 5). 1,554,378

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 (Note 9).

Deferred outflows of resources relating to OPEB	93,677	
Deferred inflows of resources relating to OPEB	<u>(174,952)</u>	
		(81,275)

(Continued)

AUBURN UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

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 (Notes 7 and 8).

Deferred outflows of resources relating to pensions	\$ 4,861,971	
Deferred inflows of resources relating to pensions	<u>(1,525,000)</u>	
		<u>\$ 3,336,971</u>
 Total net position - governmental activities		 <u>\$ (5,873,660)</u>

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

AUBURN UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Charter School Fund	Special Reserve 56 Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 4,828,215	\$ 421,711	\$ -	\$ -	\$ 5,249,926
Local sources	11,247,048	969,051	-	-	12,216,099
Total LCFF	16,075,263	1,390,762	-	-	17,466,025
Federal sources	2,329,996	125,096	-	557,125	3,012,217
Other state sources	2,760,561	230,580	-	43,154	3,034,295
Other local sources	1,384,403	14,779	2,568,460	785,302	4,752,944
Total revenues	22,550,223	1,761,217	2,568,460	1,385,581	28,265,481
Expenditures:					
Current:					
Certificated salaries	8,439,200	769,440	-	-	9,208,640
Classified salaries	3,275,434	178,046	-	369,682	3,823,162
Employee benefits	4,379,782	336,233	-	127,588	4,843,603
Books and supplies	1,302,713	111,915	-	241,486	1,656,114
Contract services and operating expenditures	3,104,382	110,959	-	62,242	3,277,583
Other outgo	832,921	-	-	-	832,921
Capital outlay	224,742	7,324	-	60,000	292,066
Debt service:					
Principal retirement	-	-	64,379	-	64,379
Interest	-	-	1,270,529	147,771	1,418,300
Total expenditures	21,559,174	1,513,917	1,334,908	1,008,769	25,416,768
Excess of revenues over expenditures	991,049	247,300	1,233,552	376,812	2,848,713
Other financing sources (uses):					
Transfers in	377,113	94,275	600,000	-	1,071,388
Transfers out	(94,275)	(337,813)	-	(639,300)	(1,071,388)
Total other financing sources (uses)	282,838	(243,538)	600,000	(639,300)	-
Net change in fund balances	1,273,887	3,762	1,833,552	(262,488)	2,848,713
Fund balances, July 1, 2020	3,866,685	69,945	37,275,700	441,753	41,654,083
Cumulative effect of GASB 84 implementation	33,461	-	-	-	33,461
Fund balances, July 1, 2020, as restated	3,900,146	69,945	37,275,700	441,753	41,687,544
Fund balances, June 30, 2021	\$ 5,174,033	\$ 73,707	\$ 39,109,252	\$ 179,265	\$ 44,536,257

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

AUBURN UNION SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds	\$ 2,848,713
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	292,066
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(682,799)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	64,379
Accreted interest is not recognized until due and, therefore, is not accrued as a payable in governmental funds (Note 5).	65,138
In governmental funds, gain/losses on refunding of debt are not recognized. In government-wide statements, gain/losses on refunding of debt are deferred and amortized over the life of the debt (Note 5).	(88,822)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.	(2,509)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8).	(782,777)
In the statement of activities, expenses related to the total OPEB liability and compensated absences are measured by the amount earned during the year, In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5 and 8).	<u>(132,802)</u>
Change in net position of governmental activities	<u>\$ 1,580,587</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Auburn Union School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public elementary school education in the District. The District, Auburn Union School District Financing Corporation (the "Corporation") and Auburn/Foresthill Financing Authority (the "Authority") have a financial and operational relationship which meets the reporting entity definition criteria of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation and the Authority as component units of the District. Accordingly, financial activities of the Corporation and the Authority have been included in the financial statements of the District as blended component units.

The following are those aspects of the relationship between the District, the Corporation and the Authority which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, as amended by criteria:

A - Manifestations of Oversight

1. The Corporation's and the Authority's Boards of Directors were appointed by the District's Board of Trustees.
2. The Corporation and the Authority have no employees. The District's Superintendent and Chief Business Officer function as agents of the Corporation and the Authority. Neither individual received additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation and the Authority as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation and the Authority.

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation and the Authority must have the consent of the District.
2. Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation and the Authority.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation and the Authority.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.
2. The Corporation and the Authority are nonprofit, public benefit corporations incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. When the Corporation's and the Authority's Certificates of Participation (COPs) have been paid with state reimbursements and the District's developer fees, title to all of the Corporation's and the Authority's property will pass to the District for no additional consideration.
3. The Corporation's and the Authority's financial activity is presented in the financial statements as the Special Reserve 56 Fund. COPs issued by the Corporation and the Authority are included in the District's long-term liabilities.

The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues - Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses - The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Charter School Fund:

The Charter School Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are restricted to expenditures for Charter School purposes.

Special Reserve 56 Fund:

The Special Reserve 56 Fund is a capital projects fund used to account for the accumulation and expenditure of resources used for the acquisition of capital facilities by the District.

B - Other Funds

The Cafeteria Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are restricted to expenditures for food service operations.

The Capital Projects Funds are used to account for the accumulation and expenditure of resources used for the acquisition of capital facilities by the District. This classification includes the Building, Capital Facilities, Special Reserve for Capital Outlay, County School Facilities and Mello-Roos Capital Project Funds.

The Mello Roos Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest and related costs.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables consist principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2021.

Stores Inventory: Stores inventory is recorded using the consumption method, in that inventory acquisitions are initially recorded in the inventory asset account, and then charged to expenditure when used. Inventory reserves are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net position.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position 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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports 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(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and total OPEB liability reported which is in the Statement of Net Position.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 3,471,212	\$ 1,390,759	\$ 4,861,971
Deferred inflows of resources	<u>\$ 1,386,000</u>	<u>\$ 139,000</u>	<u>\$ 1,525,000</u>
Net pension liability	<u>\$ 14,771,000</u>	<u>\$ 7,704,000</u>	<u>\$ 22,475,000</u>
Pension expense	<u>\$ 2,648,475</u>	<u>\$ 1,274,127</u>	<u>\$ 3,922,602</u>

Other Postemployment Benefits (OPEB): For purposes of measuring the total OPEB liability, information about additions to/deductions from Auburn Unified School District's Plan (the "Plan") have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. No assets are held by the Plan as of June 30, 2021.

Compensated Absences: Compensated absences in the amount of \$135,156 is recorded as a liability of the District. The liability is for earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recorded as liabilities on the books of the District. The District's policy is to record amounts as operating expenditures in the period sick leave is taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for all CalSTRS and CalPERS employees, when the employee retires.

Net Position: Net position is displayed in three components:

1. Net investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position when allowable expenditures are incurred.
3. Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

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. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. 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. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2021, no such designation has occurred.

E - Unassigned Fund Balance:

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.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. 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.

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2021, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the general fund beginning fund balance for a total of \$33,461.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

	<u>Governmental Funds</u>
Pooled Funds:	
Cash in County Treasury	\$ 5,558,736
Cash awaiting deposit	45,096
Deposits:	
Cash on hand and in banks	35,961
Cash in revolving fund	5,070
Cash with Fiscal Agent	<u>38,927,226</u>
Total	<u>\$ 44,572,089</u>

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorata 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount and bank balances of the District's accounts were \$41,031 all of which was covered by FDIC insurance.

Cash with Fiscal Agent: Cash with Fiscal Agent represent amounts held by a third party custodian in the District's name for future capital projects.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District for goods and services are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and from other funds.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2021 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,375,673	\$ 1,065,966
Charter School	1,065,966	1,108,719
Non-Major Funds:		
Cafeteria	<u>-</u>	<u>266,954</u>
Totals	<u>\$ 2,441,639</u>	<u>\$ 2,441,639</u>

Transfers: Transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2020-2021 fiscal year were as follows:

Transfer from the Mello-Roos Debt Service Fund to the Special Reserve 56 Fund for debt repayment related to facilities.	\$ 300,000
Transfer from the Capital Facilities Fund to the Special Reserve 56 Fund for debt repayment related to facilities.	300,000
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	39,300
Transfer from the General Fund to the Charter School Fund for supplemental support due to deficit.	94,275
Transfer from the Charter School Fund to the General Fund for special education and health services.	266,763
Transfer from the Charter School Fund to the General Fund for indirect costs.	<u>71,050</u>
Total	<u>\$ 1,071,388</u>

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital asset for the year ended June 30, 2021, is shown below:

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 2,204,807	\$ -	\$ -	\$ 2,204,807
Depreciable:				
Improvements of sites	665,397	31,723	-	697,120
Buildings	28,157,661	122,997	-	28,280,658
Equipment	<u>1,607,386</u>	<u>137,346</u>	-	<u>1,744,732</u>
Totals, at cost	<u>32,635,251</u>	<u>292,066</u>	-	<u>32,927,317</u>
Less accumulated depreciation:				
Improvements of sites	(532,039)	(16,203)	-	(548,242)
Buildings	(20,399,254)	(615,710)	-	(21,014,964)
Equipment	<u>(1,340,993)</u>	<u>(50,886)</u>	-	<u>(1,391,879)</u>
Total accumulated depreciation	<u>(22,272,286)</u>	<u>(682,799)</u>	-	<u>(22,955,085)</u>
Capital assets, net	<u>\$ 10,362,965</u>	<u>\$ (390,733)</u>	<u>\$ -</u>	<u>\$ 9,972,232</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 386,942
Instructional library, media and technology	26,716
Food services	32,435
Data processing	27,890
All other general administration	10,996
Plant services	<u>197,820</u>
Total depreciation expense	<u>\$ 682,799</u>

NOTE 5 - LONG-TERM LIABILITIES

Certificates of Participation (COPs)

A - December 1999 Issuance: In December 1999, the District issued \$2,993,580 in Certificates of Participation with semi-annual payments through March 2030, at interest rates ranging between 4.50% and 6.36%. The COPS were issued to advance refund a portion of the 1994 Certificates of Participation and for the E.V. Cain improvement project. The Certificates are to be repaid from and are secured by annual base rental payments to be made by the District for lease of the facility constructed.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The following is a schedule of future payments of the 1999 Certificates of Participation:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 61,852	\$ 177,199	\$ 239,051
2023	58,749	185,072	243,821
2024	56,107	190,648	246,755
2025	52,597	195,987	248,584
2026	50,428	203,122	253,550
2027-2030	<u>177,811</u>	<u>753,856</u>	<u>931,667</u>
Total	<u>\$ 457,544</u>	<u>\$ 1,705,884</u>	<u>\$ 2,163,428</u>

B - January 2015 Refinancing Issuance: In January 2015, the District issued \$32,497,308 of Step Coupon Demand Certificates of Participation at a current interest rate of 3.40%. Beginning in December 2021, the interest rate increases to 4.00% through maturity. The January 2015 COP was issued to partially refund the May 2008 COP (original principal amount of \$36,010,000) and to finance the acquisition, construction, installation, modernization, and equipping of improvements to various District facilities. Semi-annual payments on the January 2015 COPs are interest only through December 2021, with the first scheduled principal payment in June 2022 through June 2038.

The following is a schedule of future payments of the January 2015 Certificates of Participation:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,328,387	\$ 1,202,400	\$ 2,530,787
2023	1,283,344	1,246,757	2,530,101
2024	1,330,677	1,195,423	2,526,100
2025	1,382,644	1,142,196	2,524,840
2026	1,438,275	1,086,890	2,525,165
2027-2031	8,192,263	4,522,539	12,714,802
2031-2032	11,592,310	2,650,923	14,243,233
2037-2038	<u>5,949,408</u>	<u>361,136</u>	<u>6,310,544</u>
Total	<u>\$ 32,497,308</u>	<u>\$ 13,408,264</u>	<u>\$ 45,905,572</u>

C - June 2016 Refinancing Issuance: In June 2016, the District issued \$6,106,229 of Refunding Lease Financing at an interest rate of 2.42%. The June 2016 Refunding Lease Financing were issued to refund the remaining May 2008 COP (principal amount of \$5,815,000) and to finance the acquisition, construction, installation, modernization, and equipping of improvements to various District facilities. Annual payments on the June 2016 Refunding Lease Financing are interest only through June 2021, with the first scheduled principal payment in June 2022 through June 2038.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The following is a schedule of future payments of the June 2016 Refunding Lease Financing.

Year Ending June 30,	Principal	Interest	Total
2022	\$ 274,515	\$ 196,010	\$ 470,525
2023	238,544	233,269	471,813
2024	248,679	223,727	472,406
2025	258,726	213,780	472,506
2026	268,500	203,431	471,931
2027-2031	1,528,387	847,225	2,375,612
2031-2032	2,169,444	497,149	2,666,593
2037-2038	<u>1,119,434</u>	<u>67,953</u>	<u>1,187,387</u>
Total	<u>\$ 6,106,229</u>	<u>\$ 2,482,544</u>	<u>\$ 8,588,773</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
<u>Debt:</u>					
Certificates of Participation:					
December 1999	\$ 521,923	\$ -	\$ 64,379	\$ 457,544	\$ 61,852
January 2015	32,497,308	-	-	32,497,308	1,328,387
June 2016	6,106,229	-	-	6,106,229	274,515
Accreted interest	1,181,642	108,010	173,148	1,116,504	181,250
<u>Other Long-Term Liabilities</u>					
Total OPEB liability (Note 9)	2,100,836	141,540	-	2,242,376	-
Net pension liability (Notes 7 and 8)	21,761,000	714,000	-	22,475,000	-
Compensated absences	<u>129,716</u>	<u>5,440</u>	-	<u>135,156</u>	<u>135,156</u>
	<u>\$ 64,298,654</u>	<u>\$ 968,990</u>	<u>\$ 237,527</u>	<u>\$ 65,030,117</u>	<u>\$ 1,981,160</u>

Payments on the Certificates of Participation are made from the Special Reserve 56 Fund. Payments on the total OPEB liability, net pension liability and compensated absences are made from the fund for which the related employee worked.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Charter School Fund	Special Reserve 56 Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 5,070	\$ -	\$ -	\$ -	\$ 5,070
Prepaid expenditures	34,011	8,992	-	-	43,003
Stores inventory	-	-	-	45,994	45,994
Subtotal nonspendable	<u>39,081</u>	<u>8,992</u>	<u>-</u>	<u>45,994</u>	<u>94,067</u>
Restricted:					
Legally restricted programs:					
Grants	1,275,912	-	-	-	1,275,912
Charter school	-	64,715	-	-	64,715
Cafeteria	-	-	-	3,244	3,244
Capital projects	-	-	39,109,252	112,428	39,221,680
Debt service	-	-	-	17,599	17,599
Subtotal restricted	<u>1,275,912</u>	<u>64,715</u>	<u>39,109,252</u>	<u>133,271</u>	<u>40,583,150</u>
Assigned:					
Reserve for catastrophic events	1,660,500	-	-	-	1,660,500
Deferred maintenance	553,104	-	-	-	553,104
Instructional purposes	749,142	-	-	-	749,142
Special education, unexpected	200,000	-	-	-	200,000
Technology replacement	50,000	-	-	-	50,000
Subtotal assigned	<u>3,212,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,212,746</u>
Unassigned:					
Designed for economic uncertainty	646,294	-	-	-	646,294
Total fund balances	<u>\$ 5,174,033</u>	<u>\$ 73,707</u>	<u>\$ 39,109,252</u>	<u>\$ 179,265</u>	<u>\$ 44,536,257</u>

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- 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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - 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, up to the 2.4 maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - 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.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-2021.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their 2020-2021 retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-2021. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Employers – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469 required that employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 01, 2020	8.250%	10.850%	(2.950%)	16.150%
July 01, 2021	8.250%	10.850%	(2.180%)	16.920%
July 01, 2022 to June 30, 2046	8.250%	1	N/A	1
July 01, 2046	8.250%	Increase from prior rate ceases in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$1,455,212 to the plan for the fiscal year ended June 30, 2021.

State – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045–46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2020-2021 and beyond are summarized in the table below

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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	\$ 14,771,000
State's proportionate share of the net pension liability associated with the District	<u>8,072,000</u>
Total	<u>\$ 22,843,000</u>

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 an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2020, the District's proportion was 0.015 percent, which was a decrease of 0.001 from its proportion measured as June 30, 2019.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$2,648,475 and revenue of \$943,853 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>
Difference between expected and actual experience	\$ 26,000	\$ 417,000
Changes of assumptions	1,440,000	-
Net differences between projected and actual earnings on investments	351,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	199,000	969,000
Contributions made subsequent to measurement date	1,455,212	-
Total	\$ 3,471,212	\$ 1,386,000

\$1,455,212 reported as deferred outflows of resources related to pensions resulting from 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:

Year Ending <u>June 30,</u>	
2022	\$ (117,567)
2023	\$ 247,433
2024	\$ 527,434
2025	\$ 145,100
2026	\$ (109,400)
2027	\$ (63,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. 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 increase 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 STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

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 <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 22,317,000</u>	<u>\$ 14,771,000</u>	<u>\$ 8,541,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms/publications/cafr-2020.pdf>.

Benefits Provided: The benefits for the defined benefit plans 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 (10 years for State Second Tier members) of credited service.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-2021 .

Employers - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$740,759 to the plan for the fiscal 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 \$7,704,000 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 an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2020, the District's proportion was 0.025 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,274,127. 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
Difference between expected and actual experience	\$ 382,000	\$ -
Changes of assumptions	28,000	-
Net differences between projected and actual earnings on investments	160,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	80,000	139,000
Contributions made subsequent to measurement date	740,759	-
Total	\$ 1,390,759	\$ 139,000

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

\$740,759 reported as deferred outflows of resources related to pensions resulting from 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:

Year Ending June 30,			
2022	\$		192,750
2023	\$		166,750
2024	\$		77,750
2025	\$		73,750

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years (1-10)⁽¹⁾</u>	<u>Expected Real Rate of Return Years (11+)⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

1) An expected inflation rate of 2.00% used for this period.

2) An expected inflation rate 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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.

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 <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District's proportionate share of the net pension liability	\$ 11,076,000	\$ 7,704,000	\$ 4,906,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The Auburn Union School District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plan to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2021 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2021:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	11
Active employees	<u>144</u>
	<u>155</u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. The plan provides medical, dental and vision health care benefits after reaching the age of 55, for Certificated employees with 15 years of service and Classified employees with 10 years of service, and for their dependents, for five years or the age of 65, whichever occurs first.

Contributions: California Government Code specifies that the District's contribution requirements for plan members are established and may be amended by the Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board.

Contributions to the Plan from the District were \$99,169 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

<u>Valuation Date</u>	June 30, 2020
<u>Measurement Date</u>	June 30, 2021
<u>Mortality Rate</u>	<p>PERS - The mortality assumptions are based on the 2017 CalPERS Mortality for Retired Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.</p> <p>STRS - The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.</p>
<u>Discount Rate as of June 30, 2020</u>	2.16%. Based Bond Buyer 20-Bond Index, as published by the Federal Reserve.
<u>Retirement Rate</u>	Retirement rates match rates developed in the experience studies for California PERS (2017) and California STRS (2020).
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	2.75% per year
<u>Health Care Inflation</u>	4.00%
<u>Termination Rate</u>	The turnover assumptions are based on the 2020 CalSTRS Termination Rates table created by CalSTRS and 2017 CalPERS Termination Rates tables created by CalPERS. CalSTRS and CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
<u>Funding Method</u>	Entry Age Cost Method

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ <u>2,100,836</u>
Changes for the year:	
Service cost	187,188
Interest	47,187
Employer contributions	(99,169)
Changes in assumptions	<u>6,334</u>
Net change	<u>141,540</u>
Balance at June 30, 2021	<u>\$ 2,242,376</u>

The changes in assumptions was the result of a change in the discount rate for OPEB from 2.20 to 2.16 percent in the June 30, 2020 and 2021 actuarial reports, respectively.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	<u>\$ 2,382,814</u>	<u>\$ 2,242,376</u>	<u>\$ 2,106,487</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Total OPEB liability	<u>\$ 1,989,477</u>	<u>\$ 2,242,376</u>	<u>\$ 2,541,964</u>

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –

For the year ended June 30, 2021, the District recognized OPEB expense of \$226,532. 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 Outflow:</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Difference between expected and actual experience	\$ -	\$ 174,952
Changes of assumptions	93,677	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	-	-
Total	<u>\$ 93,677</u>	<u>\$ 174,952</u>

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

Year Ending <u>June 30,</u>	
2022	\$ (7,843)
2023	\$ (7,843)
2024	\$ (7,843)
2025	\$ (7,843)
2026	\$ (7,843)
Thereafter	\$ (42,060)

Changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 12.3 years as of the June 30, 2021 measurement date. Experience gains and losses are amortized over a closed period equal to the average remaining service life of plan members, which is 12.1 years as of the June 30, 2021 measurement date.

(Continued)

AUBURN UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 - JOINT POWERS AGREEMENT

The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets.

The JPA agreement for SIG provides that the SIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000, \$100,000 and \$500,000 for each insured event for workers' compensation, property and liability, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of financial information for SIG at June 30, 2021:

Total assets	\$ 115,062,160
Total deferred outflows of resources - pensions	\$ 274,347
Total liabilities	\$ 37,079,788
Total deferred inflows of resources - pensions	\$ 77,117
Net position	\$ 78,179,602
Total revenues	\$ 96,442,660
Total expenses	\$ 88,802,310
Change in net position	\$ 7,640,350

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received state and federal funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN UNION SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	\$ 4,395,399	\$ 4,705,050	\$ 4,828,215	\$ 123,165
Local sources	<u>10,255,932</u>	<u>11,247,048</u>	<u>11,247,048</u>	<u>-</u>
Total LCFF	<u>14,651,331</u>	<u>15,952,098</u>	<u>16,075,263</u>	<u>123,165</u>
Federal sources	1,383,807	2,555,803	2,329,996	(225,807)
Other state sources	2,089,996	2,797,528	2,760,561	(36,967)
Other local sources	<u>1,740,649</u>	<u>1,378,285</u>	<u>1,384,403</u>	<u>6,118</u>
Total revenues	<u>19,865,783</u>	<u>22,683,714</u>	<u>22,550,223</u>	<u>(133,491)</u>
Expenditures:				
Current:				
Certificated salaries	8,172,528	8,374,276	8,439,200	(64,924)
Classified salaries	3,218,505	3,340,530	3,275,434	65,096
Employee benefits	5,147,804	4,698,078	4,379,782	318,296
Books and supplies	830,158	1,335,033	1,302,713	32,320
Contract services and operating expenditures	3,079,384	3,424,175	3,104,382	319,793
Other outgo	665,032	784,785	832,921	(48,136)
Capital outlay	<u>115,000</u>	<u>219,828</u>	<u>224,742</u>	<u>(4,914)</u>
Total expenditures	<u>21,228,411</u>	<u>22,176,705</u>	<u>21,559,174</u>	<u>617,531</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,362,628)</u>	<u>507,009</u>	<u>991,049</u>	<u>484,040</u>
Other financing sources (uses):				
Transfers in	115,825	381,585	377,113	(4,472)
Transfers out	<u>(138,089)</u>	<u>(281,593)</u>	<u>(94,275)</u>	<u>187,318</u>
Total other financing sources (uses)	<u>(22,264)</u>	<u>99,992</u>	<u>282,838</u>	<u>182,846</u>
Net change in fund balance	(1,384,892)	607,001	1,273,887	666,886
Fund balance, July 1, 2020, restated	<u>3,900,146</u>	<u>3,900,146</u>	<u>3,900,146</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 2,515,254</u>	<u>\$ 4,507,147</u>	<u>\$ 5,174,033</u>	<u>\$ 666,886</u>

AUBURN UNION SCHOOL DISTRICT
 CHARTER SCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 340,431	\$ 418,032	\$ 421,711	\$ 3,679
Local sources	918,898	969,051	969,051	-
Total LCFF	<u>1,259,329</u>	<u>1,387,083</u>	<u>1,390,762</u>	<u>3,679</u>
Federal sources	-	149,388	125,096	(24,292)
Other state sources	121,714	207,932	230,580	22,648
Other local sources	18,050	15,946	14,779	(1,167)
Total revenues	<u>1,399,093</u>	<u>1,760,349</u>	<u>1,761,217</u>	<u>868</u>
Expenditures:				
Current:				
Certificated salaries	587,577	717,254	769,440	(52,186)
Classified salaries	189,942	198,123	178,046	20,077
Employee benefits	323,366	346,726	336,233	10,493
Books and supplies	66,641	120,788	111,915	8,873
Contract services and operating expenditures	106,817	122,608	110,959	11,649
Capital outlay	-	-	7,324	(7,324)
Total expenditures	<u>1,274,343</u>	<u>1,505,499</u>	<u>1,513,917</u>	<u>(8,418)</u>
Excess of revenues over expenditures	<u>124,750</u>	<u>254,850</u>	<u>247,300</u>	<u>(7,550)</u>
Other financing uses:				
Transfers in	138,089	111,792	94,275	(17,517)
Transfers out	(306,185)	(340,330)	(337,813)	2,517
Total other financing uses	<u>(168,096)</u>	<u>(228,538)</u>	<u>(243,538)</u>	<u>(15,000)</u>
Net change in fund balance	(43,346)	26,312	3,762	(22,550)
Fund balance, July 1, 2020	<u>69,945</u>	<u>69,945</u>	<u>69,945</u>	-
Fund balance, June 30, 2021	<u>\$ 26,599</u>	<u>\$ 96,257</u>	<u>\$ 73,707</u>	<u>\$ (22,550)</u>

See accompanying note to required supplementary information.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 210,928	\$ 216,729	\$ 232,991	\$ 187,188
Interest	63,809	64,796	73,089	47,187
Change in assumptions	-	39,469	69,517	6,334
Differences between actual and expected experience	-	-	(209,596)	-
Benefit payments	<u>(106,288)</u>	<u>(110,539)</u>	<u>(73,841)</u>	<u>(99,169)</u>
Net change in total OPEB liability	168,449	210,455	92,160	141,540
Total OPEB liability, beginning of year	<u>1,629,772</u>	<u>1,798,221</u>	<u>2,008,676</u>	<u>2,100,836</u>
Total OPEB liability, end of year (a)	<u>\$ 1,798,221</u>	<u>\$ 2,008,676</u>	<u>\$ 2,100,836</u>	<u>\$ 2,242,376</u>
Covered employee payroll	\$ 13,204,960	\$ 13,558,096	\$ 13,753,623	\$ 14,028,695
Total OPEB liability as a percentage of covered-employee payroll	13.62%	14.82%	15.27%	15.98%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.017%	0.018%	0.016%	0.015%	0.016%	0.016%	0.015%
District's proportionate share of the net pension liability	\$ 10,197,000	\$ 11,858,000	\$ 13,298,000	\$ 14,226,000	\$ 14,543,000	\$ 14,246,000	\$ 14,771,000
State's proportionate share of the net pension liability associated with the District	<u>6,157,000</u>	<u>6,272,000</u>	<u>7,571,000</u>	<u>8,416,000</u>	<u>8,327,000</u>	<u>7,772,000</u>	<u>8,072,000</u>
Total net pension liability	<u>\$ 16,354,000</u>	<u>\$ 18,130,000</u>	<u>\$ 20,869,000</u>	<u>\$ 22,642,000</u>	<u>\$ 22,870,000</u>	<u>\$ 22,018,000</u>	<u>\$ 22,843,000</u>
District's covered payroll	\$ 7,772,000	\$ 8,175,000	\$ 8,194,000	\$ 8,153,000	\$ 8,503,000	\$ 8,424,000	\$ 8,746,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.00%	145.00%	162.29%	174.49%	171.00%	169.11%	168.89%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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

All years prior to 2015 are not available.

(Continued)

AUBURN UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.026%	0.027%	0.027%	0.025%	0.025%	0.026%	0.025%
District's proportionate share of the net pension liability	\$ 2,929,000	\$ 3,908,000	\$ 5,257,000	\$ 6,028,000	\$ 6,679,000	\$ 7,515,000	\$ 7,704,000
District's covered payroll	\$ 2,708,000	\$ 2,938,000	\$ 3,193,000	\$ 3,129,000	\$ 3,346,000	\$ 3,559,000	\$ 3,616,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.16%	133.02%	164.64%	192.65%	199.61%	211.15%	213.05%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	74.02%	73.89%	71.87%	70.85%	70.05%	70.00%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

AUBURN UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2021

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 725,959	\$ 879,224	\$ 1,019,461	\$ 1,226,971	\$ 1,371,454	\$ 1,495,621	\$ 1,455,212
Contributions in relation to the contractually required contribution	<u>(725,959)</u>	<u>(879,224)</u>	<u>(1,019,461)</u>	<u>(1,226,971)</u>	<u>(1,371,454)</u>	<u>(1,495,621)</u>	<u>(1,455,212)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,175,000	\$ 8,194,000	\$ 8,153,000	\$ 8,503,000	\$ 8,424,000	\$ 8,746,000	\$ 9,011,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

AUBURN UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2021

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 345,845	\$ 378,323	\$ 448,437	\$ 519,693	\$ 642,913	\$ 713,127	\$ 740,759
Contributions in relation to the contractually required contribution	<u>(345,845)</u>	<u>(378,323)</u>	<u>(448,437)</u>	<u>(519,693)</u>	<u>(642,913)</u>	<u>(713,127)</u>	<u>(740,759)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,938,000	\$ 3,193,000	\$ 3,129,000	\$ 3,346,000	\$ 3,559,000	\$ 3,616,000	\$ 3,579,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

AUBURN UNION SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund and Charter School Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in the District's Total OPEB liability is presented to illustrate the elements of the District's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

C - Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E - Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions: The discount rate for OPEB was 3.80, 3.50, 2.20 and 2.16 percent in the June 30, 2018, 2019, 2020 and 2021 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017 and 2020 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>					
	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

AUBURN UNION SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2021

	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Mello-Roos Capital Project Fund	Mello-Roos Debt Service Fund	Total
ASSETS								
Cash and investments:								
Cash in County Treasury	\$ -	\$ 1,695	\$ 106,775	\$ 48	\$ 36	\$ 391	\$ 17,597	\$ 126,542
Cash awaiting deposit	-	-	6,978	-	-	-	-	6,978
Cash on hand and in banks	2,500	-	-	-	-	-	-	2,500
Receivables	297,229	-	15	-	-	-	2	297,246
Stores inventory	45,994	-	-	-	-	-	-	45,994
Total assets	<u>\$ 345,723</u>	<u>\$ 1,695</u>	<u>\$ 113,768</u>	<u>\$ 48</u>	<u>\$ 36</u>	<u>\$ 391</u>	<u>\$ 17,599</u>	<u>\$ 479,260</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 29,531	\$ -	\$ 3,510	\$ -	\$ -	\$ -	\$ -	\$ 33,041
Due to other funds	266,954	-	-	-	-	-	-	266,954
Total liabilities	<u>296,485</u>	<u>-</u>	<u>3,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,995</u>
Fund balances:								
Nonspendable	45,994	-	-	-	-	-	-	45,994
Restricted	3,244	1,695	110,258	48	36	391	17,599	133,271
Total fund balance	<u>49,238</u>	<u>1,695</u>	<u>110,258</u>	<u>48</u>	<u>36</u>	<u>391</u>	<u>17,599</u>	<u>179,265</u>
Total liabilities and fund balances	<u>\$ 345,723</u>	<u>\$ 1,695</u>	<u>\$ 113,768</u>	<u>\$ 48</u>	<u>\$ 36</u>	<u>\$ 391</u>	<u>\$ 17,599</u>	<u>\$ 479,260</u>

See accompanying notes to the supplementary information.

AUBURN UNION SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2021

	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Mello-Roos Capital Project Fund	Mello-Roos Debt Service Fund	Total
Revenues:								
Federal sources	\$ 557,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,125
Other state sources	43,154	-	-	-	-	-	-	43,154
Other local sources	<u>3,283</u>	<u>7</u>	<u>364,832</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>417,178</u>	<u>785,302</u>
Total revenues	<u>603,562</u>	<u>7</u>	<u>364,832</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>417,178</u>	<u>1,385,581</u>
Expenditures:								
Current:								
Classified salaries	369,682	-	-	-	-	-	-	369,682
Employee benefits	127,588	-	-	-	-	-	-	127,588
Books and supplies	241,486	-	-	-	-	-	-	241,486
operating expenditures	47,260	-	14,982	-	-	-	-	62,242
Capital outlay	60,000	-	-	-	-	-	-	60,000
Debt Service:								
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,771</u>	<u>147,771</u>
Total expenditures	<u>846,016</u>	<u>-</u>	<u>14,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,771</u>	<u>1,008,769</u>
(Deficiency) excess of revenues								
(Under) over expenditures	<u>(242,454)</u>	<u>7</u>	<u>349,850</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>269,407</u>	<u>376,812</u>
Other financing uses:								
Transfers out	<u>(39,300)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(639,300)</u>
Net change in fund balances	(281,754)	7	49,850	-	-	2	(30,593)	(262,488)
Fund balance, July 1, 2020	<u>330,992</u>	<u>1,688</u>	<u>60,408</u>	<u>48</u>	<u>36</u>	<u>389</u>	<u>48,192</u>	<u>441,753</u>
Fund balance, June 30, 2021	<u>\$ 49,238</u>	<u>\$ 1,695</u>	<u>\$ 110,258</u>	<u>\$ 48</u>	<u>\$ 36</u>	<u>\$ 391</u>	<u>\$ 17,599</u>	<u>\$ 179,265</u>

See accompanying notes to the supplementary information.

AUBURN UNION SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

Auburn Union School District was established in 1852 and is comprised of an area of approximately 64 square miles located in Placer County. There were no changes in the District's boundaries in the current year. The District is currently operating three elementary schools, one elementary charter school and one intermediate school.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Julann Brown	President	2022
Michelle Sierra-Sammons	Vice President	2022
Sarah Brichler	Clerk	2024
Debbie Goodrich	Member	2022
Jamie Ross	Member	2024

ADMINISTRATION

Amber Lee-Alva
Superintendent

Michelle Lucci-Garcia
Assistant Superintendent of Educational Services

Scott Bentley*
Chief Business Official

*Heather Leslie was hired as the Chief Business Official effective October 2021.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2021

<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
District:		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Alta Vista Community Charter:		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
Special Education Cluster:			
84.027	IDEA: Basic Local Assistance Entitlement, Part B, Section 611 (Formerly 94-142)	13379	\$ 410,652
84.173	IDEA: Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	18,117
84.027A	IDEA: Special Education Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	13682	<u>18,794</u>
	Subtotal Special Education Cluster		<u>447,563</u>
COVID 19: Education Stabilization Fund (ESF) Programs:			
84.425	COVID 19: Elementary and Secondary School Emergency Relief I (ESSER I) Fund	15536	87,514
84.425	COVID 19: Child Nutrition - CARES Act Supplemental Meal Reimbursement	15535	36,671
84.425C	COVID 19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	15517	<u>112,332</u>
	Subtotal ESF Programs		<u>236,517</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	385,239
84.367	ESEA: Title II, Part A, Improving Teacher Quality	14341	<u>116,687</u>
	Total U.S. Department of Education		<u>1,186,006</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Health Care Services</u>			
Medicaid Cluster:			
93.778	Medi-Cal Billing Option	10013	<u>41,957</u>
	Total U.S. Department of Health and Human Services and Medicaid Cluster		<u>41,957</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
Child Nutrition Cluster:			
10.555	National School Lunch Program	13391	<u>841,824</u>
<u>U.S. Department of Treasury - Passed through California Department of Education</u>			
21.019	COVID 19: Coronavirus Relief Fund	25516	<u>1,137,541</u>
	Total Federal Programs		<u>\$ 3,207,328</u>

AUBURN UNION SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

There were no audit adjustments proposed to any funds of the District.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2021
(UNAUDITED)

	(Adopted Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 21,463,629	\$ 22,927,336	\$ 21,053,646	\$ 21,448,070
Expenditures	22,021,243	21,559,174	21,487,340	22,581,052
Other uses and transfers out	<u>269,499</u>	<u>94,275</u>	<u>98,009</u>	<u>102,909</u>
Total outgo	<u>22,290,742</u>	<u>21,653,449</u>	<u>21,585,349</u>	<u>22,683,961</u>
Change in fund balance	<u>\$ (827,113)</u>	<u>\$ 1,273,887</u>	<u>\$ (531,703)</u>	<u>\$ (1,235,891)</u>
Ending fund balance	<u>\$ 4,346,920</u>	<u>\$ 5,174,033</u>	<u>\$ 3,866,685</u>	<u>\$ 4,398,388</u>
Available reserves	<u>\$ 668,723</u>	<u>\$ 646,294</u>	<u>\$ 646,168</u>	<u>\$ 676,864</u>
Designated for economic uncertainties	<u>\$ 668,723</u>	<u>\$ 646,294</u>	<u>\$ 646,168</u>	<u>\$ 676,864</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 63,048,957</u>	<u>\$ 65,030,117</u>	<u>\$ 64,298,654</u>	<u>\$ 63,792,924</u>
Average daily attendance (excluding Charters) at P-2	<u>1,646</u>	<u>1,633</u>	<u>1,633</u>	<u>1,658</u>

The General Fund balance has decreased by \$493,707 over the past three fiscal years. The District projects a decrease of \$827,113 for the year ending June 30, 2022. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2021, the District has met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2021-2022 fiscal year.

Total long-term liabilities have increased by \$1,237,193 over the past two years.

Average daily attendance has decreased by 25 over the past two years. The District anticipates an increase of 13 in ADA during the fiscal year ending June 30, 2022.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2021

Charter Schools Chartered by District

1429 - Alta Vista Community Charter School

Included in District Financial
Statements, or Separate Report

Included in the Charter School Fund

AUBURN UNION SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Auburn Union School District and is presented on the 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

D - Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2021-2022 fiscal year, as required by the State Controller's Office.

E - Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt such a program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees
Auburn Union School District
Auburn, California

Report on Compliance with State Laws and Regulations

We have audited Auburn Union School District's compliance with the types of compliance requirements described in the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2021.

<u>Description</u>	<u>Procedures Performed</u>
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	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study – Course Based	No, see below
Charter Schools – Attendance	Yes
Charter Schools – Mode of Instruction	Yes
Charter Schools – Nonclassroom-Based Instruction/Independent Study	No, see below
Charter Schools – Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter Schools - Charter School Facility Grant Program	No, see below

(Continued)

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

The District did not operate an Apprenticeship: Related and Supplemental Instruction Program in the current year; therefore, we did not perform any procedures related to the Apprenticeship: Related and Supplemental Instruction Program.

The District did not elect to operate as a District of Choice in the current year; therefore, we did not perform any procedures related to District of Choice.

The District did not have any expenditures in the current year related to the California Clean Energy Jobs Act; therefore, we did not perform any procedures related to the program.

The District's did not operate programs for Charter Schools - Nonclassroom-Based Instruction/Independent Study and Determination of Funding for Nonclassroom-Based Instruction; therefore, we did not perform any testing of Charter Schools - Nonclassroom-Based Instruction/Independent Study or Charter Schools - Determination of Funding for Nonclassroom-Based Instruction.

The Charter School Facilities Grant Program is not applicable to the District; therefore, we did not perform any procedures related to the Charter School Facilities Grant Program.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Auburn Union School District's compliance with state laws and regulations as listed above 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Auburn Union School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Auburn Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Auburn Union School District's compliance.

Basis for Qualified Opinion with State Laws and Regulations

As described in Finding 2021-002 and Finding 2021-003 in the accompanying Schedule of Audit Findings and Questioned Costs, Auburn Union School District did not comply with the requirements regarding Ratio of Administrative Employees to Teachers and Classroom Teacher Salaries. Compliance with such requirements is necessary, in our opinion, for Auburn Union School District to comply with state laws and regulations referred to above.

Qualified Opinion with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Auburn Union School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2021. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Auburn Union School District had not complied with the state laws and regulations.

District Response to Findings

Auburn Union School District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. Auburn Union School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
February 28, 2022

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Auburn Union School District
Auburn, 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 Auburn Union School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Auburn Union School District's basic financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2021-001.

(Continued)

Compliance and Other Matters

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

Auburn Union School District's Response to Finding

Auburn Union School District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. Auburn Union School District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Crowe LLP

Sacramento, California
February 28, 2022

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY UNIFORM GUIDANCE

Board of Trustees
Auburn Union School District
Auburn, California

Report on Compliance for the Major Federal Program

We have audited Auburn Union School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Auburn Union School District's major federal program for the year ended June 30, 2021. Auburn Union School District's major federal program is 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 Auburn Union School District's major federal program 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; 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 Auburn Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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


Crowe LLP

Sacramento, California
February 28, 2022

FINDINGS AND RECOMMENDATIONS

AUBURN UNION SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
 to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements
 noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
 to be material weakness(es)? _____ Yes X None reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID 19: Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

Type of auditors' report issued on compliance for
 state programs: Qualified

(Continued)

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

2021-001 - DEFICIENCY – ASSOCIATED STUDENT BODY CASH RECONCILIATION (30000)

Criteria: Sound accounting policies and proper segregation of duties require an internal control system be in place to ensure each transaction is complete, accurate and reviewed by a knowledgeable person prior to processing.

Context: We performed the audit procedures surrounding cash reconciliations and identified the finding described below.

Condition: As of the date of audit fieldwork, the cash account reconciliation for the ASB account for June 30, 2021 had not been completed.

Effect: There exists opportunity for error or fraud to be committed related to financial reporting.

Cause: Properly designed and implemented internal controls were not in place to ensure that the cash account was reconciled in a timely manner

Recommendation: The District should implement an internal control to ensure proper cash reconciliation in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: The District is working to bring the cash reconciliations for the accounts current. Turnover in District staff created delays in the completion of the cash reconciliations for the Associated Student Body account.

(Continued)

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2021-002 - DEFICIENCY - STATE COMPLIANCE - RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS (40000)

Criteria: Subject and pursuant to Education Code section 41402, Elementary School Districts are required to maintain a ratio of no more than 9 administrative employees for every 100 teachers during the audit year.

Context: We performed the audit procedures enumerated in the State of California *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described below.

Condition: The District exceeded the allowable ratio of administrative employees to teachers for an Elementary District, by 0.72 FTE. The calculated penalty for this overage was \$298,827.

Effect: The District is not in compliance with the requirements of Ratio of Administrative Employees to Teachers for the year ended June 30, 2021.

Cause: Properly designed and implemented internal controls were not in place to ensure that the ratio limit was maintained during the year.

Recommendation: The District should implement an internal control to ensure compliance with the administrative employee to teacher ratio.

Views of Responsible Officials and Planned Corrective Actions: The District will apply for a waiver of the Ratio of Administrative Employees to Teachers from the Placer County Office of Education.

AUBURN UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

2021-003 – DEFICIENCY - STATE COMPLIANCE – CLASSROOM TEACHER SALARIES (61000)

Criteria: The District's expenditures related to classroom teacher salaries during the audit year, are required to meet or exceed 60% of the total current expense of education in the District's General Fund, as required by Education Code section 41372.

Context: We performed the audit procedures enumerated in the State of California *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described below.

Condition: The total current expense of education in the General Fund for the audit year was calculated to be \$17,710,059, and the classroom teacher salaries and related benefits totaled \$10,341,184. The ratio of classroom teacher salaries to the current expense of education was calculated to be 58.39%, which is deficient by 1.61% from the requirement of 60% or \$285,132.

Effect: The District was not in compliance with the requirements of Classroom Teacher Salaries, in Education Code section 41372.

Cause: The District incurred additional expense in the General Fund during the audit year to address the health and safety requirements of the COVID-19 pandemic.

Recommendation: The District's management team should implement necessary internal controls to ensure that classroom teacher salaries meet or exceed the minimum required percentage of current expense of education, in the District's General Fund.

Views of Responsible Officials and Planned Corrective Actions: Management concurs that the calculation for Classroom Teacher Salaries as a percentage of total current expense, indicates that the District was out of compliance for the year ended June 30, 2021. The District will endeavor to maintain compliance with this requirement for future years.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

AUBURN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021

No matters were reported.