

ALTA LOMA SCHOOL DISTRICT

SAN BERNARDINO COUNTY
ALTA LOMA, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2020

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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Financial Section



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INDEPENDENT AUDITOR'S REPORT

Jeanette L. Garcia,
CPA

To the Governing Board
Alta Loma School District
Alta Loma, 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 the Alta Loma School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Alta Loma 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 Alta Loma School District, as of June 30, 2020, 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.

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, General Fund Budgetary Comparison Schedule on page 46, Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 47, Schedule of OPEB Contributions on page 48 and Schedules of the District's Proportionate Share of Net Pension Liability and Contributions on pages 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alta Loma School District's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the Alta Loma School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alta Loma 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 Alta Loma School District's internal control over financial reporting and compliance.

Jeanette L Garcia + Associates

San Bernardino, California
December 9, 2020

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

INTRODUCTION

The Management's Discussion and Analysis of Alta Loma School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

Alta Loma School District serves approximately 6,000 students in grades K-8. There are eight elementary schools and two 7-8 junior high schools. The 315 certificated, management and confidential employees and the 280 classified employees provide for the needs of the District's students. Alta Loma School District is located in Alta Loma, California.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Alta Loma School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds.
- The major funds for Alta Loma School District are the General Fund, Building Fund, and Bond Interest and Redemption Fund.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

FINANCIAL HIGHLIGHTS

- The Alta Loma School District's Government-Wide Statement of Net Position shows Total Net Position of \$12,688,715, the result of assets and deferred outflows of resources of \$159,703,016, less liabilities and deferred inflows of resources of \$147,014,301.
- The District implemented GASB Statement No. 68, which requires the District to report its proportionate share of the Net Pension Liabilities of CalPERS and CalSTRS. At June 30, 2020, the District's proportionate share of the Net Pension Liabilities was \$60,830,493.
- The District implemented GASB Statement No. 75, which requires the District to report the Net OPEB liability. At June 30, 2020, the District's Net OPEB liability was \$12,761,980.
- General revenues accounted for \$66,464,462 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$9,978,864 or 13% of total revenues of \$76,443,326.
- The District had \$78,707,168 in expenses related to governmental activities; \$9,978,864 of these expenses were offset by program specific revenues in the form of charges for services, grants and contributions. General revenues (primarily unrestricted federal and state aid and property taxes) of \$66,464,462 provided a change in Net Position of \$(2,263,842).

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

- The General Fund reported a positive fund balance of \$25,516,504.

REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Alta Loma School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Position" and the "Statement of Activities," the District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Alta Loma School District does not have any of these types of activities at this time.

- FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

- GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

▪ FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds.

The Alta Loma School District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Pension. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The Alta Loma School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

▪ NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

▪ THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for fiscal years 2019-20 and 2018-19.

Table 1 - Net Position

	Governmental Activities		% Change
	2020	2019	
Current and Other Assets	\$ 63,871,060	\$ 61,988,638	3.0
Capital Assets	76,530,060	56,536,354	35.4
Total Assets	<u>140,401,120</u>	<u>118,524,992</u>	18.5
Deferred Outflows Of Resources	<u>19,301,896</u>	<u>20,334,276</u>	(5.1)
Current Liabilities	10,119,272	5,622,459	80.0
Long-Term Debt	133,704,929	115,763,094	15.5
Total Liabilities	<u>143,824,201</u>	<u>121,385,553</u>	18.5
Deferred Inflows of Resources	<u>3,190,100</u>	<u>2,521,158</u>	26.5
Net Position			
Net Investment in Capital Assets	16,417,604	10,310,454	59.2
Restricted	35,637,045	37,851,127	(5.8)
Unrestricted	<u>(39,365,934)</u>	<u>(33,209,024)</u>	(18.5)
Total Net Position	<u>\$ 12,688,715</u>	<u>\$ 14,952,557</u>	(15.1)

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

Table 2 shows the changes in net position for fiscal years 2019-20 and 2018-19.

Table 2 - Changes in Net Position

	Governmental Activities		% Change
	2020	2019	
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 657,351	\$ 697,062	(5.7)
Operating Grants and Contributions	9,321,513	7,642,664	22.0
<i>General Revenues:</i>			
Unrestricted Federal and State Sources	45,601,347	40,967,642	11.3
Property Taxes	14,166,594	12,345,210	14.8
Other General Revenues	6,696,521	3,805,581	76.0
Total Revenues	<u>76,443,326</u>	<u>65,458,159</u>	16.8
Expenses			
Instruction	54,228,238	45,676,706	18.7
Pupil Services	6,845,516	5,477,485	25.0
Administration	4,282,798	3,560,208	20.3
Maintenance and Operations	6,172,820	5,528,881	11.6
Other	7,177,796	5,605,509	28.0
Total Expenses	<u>78,707,168</u>	<u>65,848,789</u>	19.5
Change in Net Position	<u>\$ (2,263,842)</u>	<u>\$ (390,630)</u>	(479.5)

▪ GOVERNMENTAL ACTIVITIES

Charges for services and operating grants and contributions made up 13% of revenues for governmental activities. General revenues not restricted to specific programs made up 87% of the total revenues available.

Instruction -related activities made up 69% of expenses. Pupil services including home-to-school transportation and food services made up 9%. Administration including data processing made up 5%. Maintenance and operations made up 8% and other miscellaneous made up 9%.

The "Statement of Activities" shows the cost of program services and the charges for services and grants offsetting those services.

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

Table 3 shows the total cost of services and the net cost of services for fiscal years 2019-20 and 2018-19. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 - Total and Net Cost of Governmental Activity

	Total Cost			
	2020	%	2019	%
Instruction	\$ 54,228,238	69	\$ 48,646,905	69
Pupil Services	6,845,516	9	6,110,709	9
Administration	4,282,798	5	3,749,333	5
Maintenance and Operations	6,172,820	8	5,896,901	8
Other	7,177,796	9	6,117,624	9
Total	\$ 78,707,168	100	\$ 70,521,472	100

	Net Cost			
	2020	%	2019	%
Instruction	\$ 47,195,909	69	\$ 40,429,308	69
Pupil Services	4,453,493	6	3,234,190	5
Administration	3,943,052	6	3,355,048	6
Maintenance and Operations	6,172,750	9	5,765,352	10
Other	7,070,012	10	5,984,479	10
Total	\$ 68,835,216	100	\$ 58,768,377	100

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Governing Board must adopt a Final Budget by June 30. A public hearing is held and the board adopts the Budget in late June. During the course of the fiscal year, the District revises its budget as it deals with changes in revenues and expenditures. Adjustments made to the budget include revisions at First Interim, which is normally presented in December, and Second Interim, which is normally presented in March, at which time the budgets are presented for approval.

▪ GENERAL FUND BUDGET VARIATIONS

For the General Fund, actual revenues were \$65,708,871 with final budget estimated at \$66,701,720. The difference of \$(992,849) is due to the sudden school closures in the spring due to COVID-19. This resulted in less than expected revenues for child development and child nutrition resulting in contributions to these programs that were not anticipated in the budget.

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

There are several reasons for expenditure budget revisions. Most notable is “rebudgeting” of budgeted but unspent dollars from previous years. The original budget does not presume negotiated salary increases. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2019-20, the District had \$76,530,060 invested in land, buildings, furniture and equipment. Table 4 shows fiscal year 2019-20 and 2018-19 balances.

Table 4 - Capital Assets at Year-End

	Governmental Activities	
	2020	2019
Land	\$ 8,233,839	\$ 8,233,839
Buildings and Site Improvements	77,249,775	67,404,625
Furniture and Equipment	6,496,540	4,933,926
Work In Progress	26,108,649	5,133,540
Less Accumulated Depreciation	(41,558,743)	(37,570,602)
Total	\$ 76,530,060	\$ 48,135,328

• DEBT

At June 30, 2020, the Alta Loma School District had \$133,704,929 in debt outstanding. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2020	2019
General Obligation Bonds	\$ 57,974,945	\$ 44,002,889
Other General Long-Term Debt	2,137,511	2,223,011
Other Postemployment Benefits	12,761,980	11,536,999
Net Pension Liability	60,830,493	58,000,195
Total	\$ 133,704,929	\$ 115,763,094

ALTA LOMA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2020

FOR THE FUTURE

Alta Loma School District maintained student enrollment in 2019-20 when compared to 2018-19. Student enrollment appears to be stabilizing.

The Governing Board has made, as their top priority, a commitment to fiscal solvency; maintaining responsible reserves while protecting educational and instructional programs. With careful planning and monitoring of the financial condition, Alta Loma School District is confident that we can continue to provide a quality education for our students and meet the challenges of the future.

The uncertainty that has been created by COVID-19 has the District closely monitoring the future, but strong fiscal policies have created reserve balances that will allow the District time before any drastic decisions would need to be considered.

▪ CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Thomas, Associate Superintendent, Administrative Services, Alta Loma School District, 9390 Base Line Road, Alta Loma, CA 91701.

ALTA LOMA SCHOOL DISTRICT
STATEMENT OF NET POSITION
 JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash (Note 2)	\$ 53,824,402
Accounts Receivable (Note 3)	9,875,538
Inventory	164,320
Prepaid Expenses	6,800
Total Current Assets	63,871,060
Capital Assets: (Note 6)	
Land	8,233,839
Site Improvements	5,936,810
Buildings	71,312,965
Furniture and Equipment	6,496,540
Work in Progress	26,108,649
Less Accumulated Depreciation	(41,558,743)
Total Capital Assets	76,530,060
TOTAL ASSETS	140,401,120
<u>DEFERRED OUTFLOWS OF RESOURCES</u> (Note 10, 11)	19,301,896
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	9,828,986
Unearned Revenue	290,286
Total Current Liabilities	10,119,272
Long-Term Liabilities: (Note 7)	
Portion Due or Payable Within One Year	3,078,236
Portion Due or Payable After One Year	130,626,693
Total Long-Term Liabilities	133,704,929
TOTAL LIABILITIES	143,824,201
<u>DEFERRED INFLOWS OF RESOURCES</u> (Note 10, 11)	3,190,100
<u>NET POSITION</u>	
Net Investment in Capital Assets	16,417,604
Restricted for:	
Capital Projects	20,702,455
Debt Service	9,764,659
Educational Programs	1,892,634
Other Purposes (Expendable)	3,002,379
Other Purposes (Nonexpendable)	274,918
Unrestricted	(39,365,934)
TOTAL NET POSITION	\$ 12,688,715

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental:				
Instruction	\$ 45,889,014	\$ -	\$ 6,384,993	\$ (39,504,021)
Instruction-Related Services:				
Supervision of Instruction	2,003,996	-	303,917	(1,700,079)
Instructional Library, Media and Technology	741,230	-	-	(741,230)
School Site Administration	5,593,998	-	343,419	(5,250,579)
Pupil Services:				
Home-to-School Transportation	1,141,229	-	-	(1,141,229)
Food Services	2,412,297	632,657	1,271,224	(508,416)
All Other Pupil Services	3,291,990	-	595,054	(2,696,936)
General Administration:				
Data Processing	708,793	-	-	(708,793)
All Other General Administration	3,574,005	24,694	315,052	(3,234,259)
Plant Services	6,172,820	-	70	(6,172,750)
Community Services	2,270,714	-	2,285	(2,268,429)
Interest on Long-Term Debt	3,571,531	-	-	(3,571,531)
Other Outgo	374,097	-	105,499	(268,598)
Depreciation (Unallocated)	961,454	-	-	(961,454)
Total Governmental Activities	<u>\$ 78,707,168</u>	<u>\$ 657,351</u>	<u>\$ 9,321,513</u>	<u>(68,728,304)</u>
General Revenues:				
Taxes:				
Property Taxes, levied for general purposes				8,672,577
Property Taxes, levied for debt service				5,467,685
Property Taxes, levied for other specific purposes				26,332
Federal and State Aid not restricted to specific purposes				45,601,347
Interest and Investment Earnings				1,812,094
Miscellaneous				2,720,728
Special and Extraordinary Items				2,163,699
Total General Revenues				<u>66,464,462</u>
Change in Net Position				(2,263,842)
Net Position - July 1, 2019				<u>14,952,557</u>
Net Position - June 30, 2020				<u>\$ 12,688,715</u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2020

	GENERAL FUND	BUILDING FUND	BOND INTEREST AND REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash (Note 2)					
Cash in County Treasury	\$ 13,045,948	\$ 23,712,608	\$ 9,764,659	\$ 259,474	\$ 46,782,689
Cash on Hand and in Banks	146,050	-	-	72,698	218,748
Cash in Revolving Fund	20,000	-	-	800	20,800
Cash with Fiscal Agent	6,802,165	-	-	-	6,802,165
Accounts Receivable (Note 3)	9,720,243	66,815	-	88,480	9,875,538
Due from Other Funds (Note 4A)	241,787	-	-	65,353	307,140
Inventory	81,322	-	-	82,998	164,320
Prepaid Expenditures	6,800	-	-	-	6,800
TOTAL ASSETS	\$ 30,064,315	\$ 23,779,423	\$ 9,764,659	\$ 569,803	\$ 64,178,200
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 4,288,857	\$ 3,082,986	\$ -	\$ 30,314	\$ 7,402,157
Due to Other Funds (Note 4A)	57,330	8,023	-	241,787	307,140
Unearned Revenue	201,624	-	-	88,662	290,286
Total Liabilities	4,547,811	3,091,009	-	360,763	7,999,583
Fund Balances (Note 5)					
Nonspendable	108,122	-	-	83,798	191,920
Restricted	1,892,634	16,865,000	9,764,659	124,182	28,646,475
Assigned	2,891,178	3,823,414	-	1,060	6,715,652
Unassigned	20,624,570	-	-	-	20,624,570
Total Fund Balances	25,516,504	20,688,414	9,764,659	209,040	56,178,617
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,064,315	\$ 23,779,423	\$ 9,764,659	\$ 569,803	\$ 64,178,200

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2020

Total Fund Balances - Governmental Funds		\$ 56,178,617
Amounts reported for governmental activities in the statement of net position are different because:		
Amounts reported as capital assets for governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$118,088,803 and the accumulated depreciation is \$41,558,743.		76,530,060
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the governmental-wide statements, it is recognized in the period that it is incurred. The additional liability for unmatured interest payable on long-term debt is:		(2,426,830)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General Obligation Bonds	\$ 57,974,945	
Other General Long-Term Debt	2,137,511	
Other Postemployment Benefits	12,761,980	
Net Pension Liability	<u>60,830,493</u>	(133,704,929)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		17,626,010
Deferred inflows of resources related to pensions		(3,128,842)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources related to OPEB are:		
Deferred outflows of resources related to OPEB		1,675,886
Deferred inflows of resources related to OPEB		(61,258)
Adjustment for rounding		<u>1</u>
Total Net Position - Governmental Activities		<u><u>\$ 12,688,715</u></u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	BUILDING FUND	BOND INTEREST AND REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Control Funding Formula Sources					
State Apportionments	\$ 39,052,353	\$ -	\$ -	\$ -	\$ 39,052,353
Education Protection Account Funds	4,722,997	-	-	-	4,722,997
Local Sources	8,672,578	-	-	-	8,672,578
Total LCFF Sources	52,447,928	-	-	-	52,447,928
Federal Revenues	1,635,921	-	-	1,248,777	2,884,698
Other State Revenues	5,903,971	-	41,354	77,364	6,022,689
Other Local Revenues	5,820,195	798,218	5,556,618	663,778	12,838,809
Total Revenues	65,808,015	798,218	5,597,972	1,989,919	74,194,124
EXPENDITURES					
Instruction	41,873,206	-	-	-	41,873,206
Instruction-Related Services:					
Supervision of Instruction	1,857,769	-	-	-	1,857,769
Instructional Library, Media and Technology	442,903	-	-	-	442,903
School Site Administration	4,949,426	-	-	-	4,949,426
Pupil Services:					
Home-to-School Transportation	1,011,392	-	-	-	1,011,392
Food Services	85,957	-	-	2,187,932	2,273,889
All Other Pupil Services	3,017,142	-	-	-	3,017,142
General Administration:					
Data Processing	668,631	-	-	-	668,631
All Other General Administration	3,193,040	-	-	102,766	3,295,806
Plant Services	5,415,254	-	-	-	5,415,254
Facilities Acquisition and Construction	516,915	21,579,921	-	4,012	22,100,848
Community Services	2,092,378	-	-	-	2,092,378
Other Outgo	239,097	135,000	-	-	374,097
Debt Service:					
Principal	14,715	-	3,027,944	-	3,042,659
Interest	4,005	-	3,050,901	-	3,054,906
Total Expenditures	65,381,830	21,714,921	6,078,845	2,294,710	95,470,306
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	426,185	(20,916,703)	(480,873)	(304,791)	(21,276,182)
OTHER FINANCING SOURCES (USES):					
Interfund Transfers In (Note 4B)	-	-	-	359,539	359,539
Interfund Transfers Out (Note 4B)	(355,527)	(4,012)	-	-	(359,539)
Proceeds From Sale of Bonds	-	17,000,000	-	-	17,000,000
Other Sources	-	-	2,163,699	-	2,163,699
Total Other Financing Sources	(355,527)	16,995,988	2,163,699	359,539	19,163,699
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	70,658	(3,920,715)	1,682,826	54,748	(2,112,483)
FUND BALANCES - JULY 1, 2019	25,445,846	24,609,129	8,081,833	154,292	58,291,100
FUND BALANCES - JUNE 30, 2020	\$ 25,516,504	\$ 20,688,414	\$ 9,764,659	\$ 209,040	\$ 56,178,617

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

EXHIBIT G

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash (Note 2)	
Cash on Hand and in Banks	\$ 236,236
Inventory	<u>24,481</u>
 TOTAL ASSETS	 <u>\$ 260,717</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ -
Due to Student Groups	<u>260,717</u>
 TOTAL LIABILITIES	 <u>\$ 260,717</u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alta Loma School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, 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 balance or retained earnings, revenues and expenditures or expenses, as appropriate. 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. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed for purposes other than debt service and capital outlay and that compose a substantial portion of the fund's resources. The District maintained five nonmajor special revenue funds.

- Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property. To comply with GASB 54, this fund has been combined with the General Fund for reporting purposes.
- Pupil Transportation Equipment Fund was established for the purpose of accumulating monies designated for the purchase of transportation equipment, including buses.
- Special Reserve Fund is used to provide medical benefits to retired District employees. To comply with GASB 54, this fund has been combined with the General Fund for reporting purposes.
- Postemployment Benefits Fund is used to account for the proper accumulation and accounting of contributions and expenses related to postemployment benefits. To comply with GASB 54, this fund has been combined with the General Fund for reporting purposes.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains two nonmajor capital projects funds.

- Capital Facilities Fund is used to account for resources received from developer fees.
- The Special Reserve Fund is used to support the school sites for ineligible expenses for projects authorized under the 1999 and 2016 bond election. The fund is also a source for costs related to the construction of the district support facility.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets. Fiduciary funds are reported using the economic resources measurement focus.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Governing Board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2020.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

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 outstanding encumbrances were liquidated at June 30.

Cash and Cash Equivalents

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

Inventory

Inventory in the General Fund and Cafeteria Fund consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. Inventories are valued on the weighted average method. Reported inventories 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 current assets.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Land Improvements	20
Outdoor Equipment	20
Kitchen Equipment	15
Office Workstation	20
Business Machines (Copiers)	5
Computer Equipment	5
Scantron Machines	10
Audio Visual Equipment	10
Licensed Vehicles	8
Air Conditioners	15
Custodial Equipment	15
Buildings and Improvements	50
Construction In Progress	0
Portable Structures	25

Interfund Balances

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

Compensated Absences

All vacation pay plus related payroll taxes is reported when paid in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District’s policy is to record sick leave as an operating expense in the period taken 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 when the employee retires.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Governing Board (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF was realized in fiscal year 2018-19.

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for FY 2019-20 financial statement audits:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was effective immediately upon issuance in May 2020.

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 202
- Statement No. 93, Replacement of Interbank Offered Rates

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- GASB Statement No. 83, *Certain Asset Requirement Obligations*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019 (Note application was postponed by Statement No. 95). Earlier application is encouraged.

The primary objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of information provided to financial statement users by requiring disclosures related to those AROs.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

- GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (Note application was postponed by Statement No. 95). Earlier application is encouraged.

The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

- GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (Note application was postponed by Statement No. 95). Earlier application is encouraged.

The primary objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

- GASB Statement No. 90, *Majority Equity Interest*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (Note application was postponed by Statement No. 95). Earlier application is encouraged.

The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

2. CASH AND DEPOSITS

Cash at June 30, 2020, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total
Pooled Funds:			
Cash in County Treasury	\$ 46,782,689	\$ -	\$ 46,782,689
Deposits:			
Cash on Hand and in Banks	218,748	236,236	454,984
Cash in Revolving Fund	20,800	-	20,800
Cash with Fiscal Agent	6,802,165	-	6,802,165
Total	\$ 53,824,402	\$ 236,236	\$ 54,060,638

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Bernardino County Treasury as part of the investment pool (\$8,192,818,947 as of June 30, 2020). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The fair market value of this pool as of June 30, 2020, as provided by the pool sponsor, was \$8,348,956,712. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the San Bernardino County Investment Pool with a fair value of approximately \$47,127,780 and an amortized book value of \$46,246,421. The average weighted maturity for this pool is 540 days.

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, 2020, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, consisted of the following:

	GENERAL FUND	BUILDING FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Federal Sources				
Categorical Aid Programs	\$ 967,738	\$ -	\$ -	\$ 967,738
Child Nutrition Program	-	-	82,918	82,918
Total Federal	967,738	-	82,918	1,050,656
State Sources				
Categorical Aid Programs	-	-	-	-
Child Nutrition Program	-	-	6,249	6,249
LCFF	7,857,797	-	-	7,857,797
Lottery	301,009	-	-	301,009
Total State	8,158,806	-	6,249	8,165,055
Local Sources				
Interest	83,587	66,815	868	151,270
Other	510,112	-	(1,555)	508,557
Total Local	593,699	66,815	(687)	659,827
Total Receivables	\$ 9,720,243	\$ 66,815	\$ 88,480	\$ 9,875,538

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2020, are as follows:

DUE FROM	DUE TO		
	GENERAL FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
General Fund	\$ -	\$ 57,330	\$ 57,330
Building Fund	-	8,023	8,023
All Other Governmental Funds	241,787	-	241,787
Total	\$ 241,787	\$ 65,353	\$ 307,140

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2019-20 fiscal year were as follows:

TRANSFERS FROM	TRANSFERS TO ALL OTHER GOVERNMENTAL FUNDS
General Fund	\$ 355,527
Building Fund	4,012
Total	\$ 359,539

5. FUND BALANCE

Ending fund balance in the governmental funds is composed of the following elements:

	GENERAL FUND	BUILDING FUND	BOND INTEREST AND REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Nonspendable:					
Revolving Fund	\$ 20,000	\$ -	\$ -	\$ 800	\$ 20,800
Inventory	81,322	-	-	82,998	164,320
Prepays	6,800	-	-	-	6,800
Total Nonspendable	108,122	-	-	83,798	191,920
Restricted for:					
Legally Restricted	1,892,634	16,865,000	9,764,659	124,182	28,646,475
Assigned to:					
Other Assignments	2,891,178	3,823,414	-	1,060	6,715,652
Unassigned to:					
Reserve for Economic Uncertainties	1,998,219	-	-	-	1,998,219
Unassigned	18,626,351	-	-	-	18,626,351
Total Unassigned	20,624,570	-	-	-	20,624,570
Total Fund Balances	\$ 25,516,504	\$ 20,688,414	\$ 9,764,659	\$ 209,040	\$ 56,178,617

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2020, is shown below:

PRIMARY GOVERNMENT				
	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Land	\$ 8,233,839	\$ -	\$ -	\$ 8,233,839
Site Improvements	5,108,534	828,276	-	5,936,810
Buildings	63,883,579	7,429,386	-	71,312,965
Furniture and Equipment	6,466,432	40,108	10,000	6,496,540
Work in Progress	12,244,912	19,257,250	5,393,513	26,108,649
	95,937,296	27,555,020	5,403,513	118,088,803
Total at Historical Cost				
Less Accumulated Depreciation for:				
Site Improvements	3,100,621	125,382	-	3,226,003
Buildings	33,046,757	1,567,008	-	34,613,765
Furniture and Equipment	3,253,564	475,411	10,000	3,718,975
	39,400,942	2,167,801	10,000	41,558,743
Total Accumulated Depreciation				
Governmental Activities Capital Assets, Net	\$ 56,536,354	\$ 25,387,219	\$ 5,393,513	\$ 76,530,060

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	\$ 156,741
Instructional Library, Media and Technology	284,089
School Site Administration	168,720
Home-to-School Transportation	57,378
Food Services	36,533
Community Services	4,886
All Other General Administration	31,846
Data Processing	3,610
Plant Services	462,544
Depreciation (Unallocated)	961,454
	961,454
Total Depreciation Expense	\$ 2,167,801

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

7. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2020, is shown below:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
General Obligation Bonds	\$ 44,002,889	\$ 17,000,000	\$ 3,027,944	\$ 57,974,945	\$ 2,992,736
Bond Premium	2,223,011	-	85,500	2,137,511	85,500
Other Postemployment Benefits	11,536,999	1,224,981	-	12,761,980	-
Net Pension Liability	58,000,195	2,830,298	-	60,830,493	-
Total	\$ 115,763,094	\$ 21,055,279	\$ 3,113,444	\$ 133,704,929	\$ 3,078,236

BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2020, is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2019	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2020
1999 Series A	7/1/1999	2000-2025	3.40-4.85%	\$ 19,333,846	\$ 4,306,863	-	\$ 787,944	\$ 3,518,919
1999 Series B	6/1/2002	2005-2027	3.00-4.85%	6,466,026	3,396,026	-	590,000	2,806,026
2017 Series A	5/9/2017	2019-2043	3.00-5.00%	20,000,000	18,300,000	-	1,650,000	16,650,000
2019 Series B	4/25/2019	2021-2045	3.00-5.00%	18,000,000	18,000,000	-	-	18,000,000
2020 Series C	3/17/2020	2026-2046	4.00-5.00%	17,000,000	-	17,000,000	-	17,000,000
				\$ 80,799,872	\$ 44,002,889	\$ 17,000,000	\$ 3,027,944	\$ 57,974,945

The annual requirement to amortize the 1999 Series A general obligation bonds payable, outstanding at June 30, 2020, is as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 757,736	\$ 1,692,264	\$ 2,450,000
2022	729,675	1,770,325	2,500,000
2023	702,219	1,847,781	2,550,000
2024	675,402	1,924,598	2,600,000
2025	653,887	1,996,113	2,650,000
Total	\$ 3,518,919	\$ 9,231,081	\$ 12,750,000

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

The annual requirement to amortize the 1999 Series B general obligation bonds payable, outstanding at June 30, 2020, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	660,000	\$ 248,727	\$ 908,727
2022	254,556	491,495	746,051
2023	257,455	542,614	800,069
2024	257,317	601,884	859,201
2025	263,916	1,232,874	1,496,790
2026-27	<u>1,112,782</u>	<u>2,847,386</u>	<u>3,960,168</u>
Total	<u>\$ 2,806,026</u>	<u>\$ 5,964,980</u>	<u>\$ 8,771,006</u>

The annual requirement to amortize the 2017 Series A general obligation bonds payable, outstanding at June 30, 2020, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,150,000	\$ 737,850	\$ 1,887,850
2022	100,000	712,850	812,850
2023	145,000	707,225	852,225
2024	180,000	699,100	879,100
2025	220,000	689,100	909,100
2026-30	1,805,000	3,228,225	5,033,225
2031-35	3,310,000	2,658,850	5,968,850
2036-40	5,270,000	1,776,825	7,046,825
2041-43	<u>4,470,000</u>	<u>348,000</u>	<u>4,818,000</u>
Total	<u>\$ 16,650,000</u>	<u>\$ 11,558,025</u>	<u>\$ 28,208,025</u>

The annual requirement to amortize the 2019 Series B general obligation bonds payable, outstanding at June 30, 2020, is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 425,000	\$ 818,550	\$ 1,243,550
2022	1,160,000	797,300	1,957,300
2023	520,000	739,300	1,259,300
2024	25,000	713,300	738,300
2025	60,000	712,300	772,300
2026-30	895,000	3,485,550	4,380,550
2031-35	2,275,000	3,136,000	5,411,000
2036-40	4,165,000	2,492,450	6,657,450
2041-45	<u>8,475,000</u>	<u>1,448,000</u>	<u>9,923,000</u>
Total	<u>\$ 18,000,000</u>	<u>\$ 14,342,750</u>	<u>\$ 32,342,750</u>

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

The total annual requirement to amortize the 2020 Series C general obligation bonds payable, outstanding at June 30, 2020, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 612,500	\$ 612,500
2022	-	735,000	735,000
2023	-	735,000	735,000
2024	-	735,000	735,000
2025	-	735,000	735,000
2026-30	315,000	3,657,100	3,972,100
2031-35	1,370,000	3,489,075	4,859,075
2036-40	2,985,000	2,968,875	5,953,875
2041-45	7,080,000	1,925,800	9,005,800
2046	5,250,000	105,000	5,355,000
Total	<u>\$ 17,000,000</u>	<u>\$ 15,698,350</u>	<u>\$ 32,698,350</u>

The total annual requirement to amortize the general obligation bonds payable, outstanding at June 30, 2020, is summarized below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,992,736	\$ 4,109,891	\$ 7,102,627
2022	2,244,231	4,506,970	6,751,201
2023	1,624,674	4,571,920	6,196,594
2024	1,137,719	4,673,882	5,811,601
2025	1,197,803	5,365,387	6,563,190
2026-30	4,127,782	13,218,261	17,346,043
2031-35	6,955,000	9,283,925	16,238,925
2036-40	12,420,000	7,238,150	19,658,150
2041-45	20,025,000	3,721,800	23,746,800
2046	5,250,000	105,000	5,355,000
Total	<u>\$ 57,974,945</u>	<u>\$ 56,795,186</u>	<u>\$ 114,770,131</u>

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

9. BOND PREMIUM

The annual requirement to amortize the 2019 Series B general obligation bond premium, outstanding at June 30, 2020, is as follows:

Year Ending June 30	Premium
2021	\$ 85,500
2022	85,500
2023	85,500
2024	85,500
2025	85,500
2026-30	427,500
2031-35	427,500
2036-40	427,500
2041-45	427,511
Total	\$ 2,137,511

10. OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description.

Alta Loma School District provides medical insurance for all employees who retire from the agency, at the same level as active employees, until the age of 65, or until they become eligible for Medicare Benefits. To qualify for such coverage, the employee must have retired after the minimum age 58 and had been a full-time employee for at least fifteen (15) years prior to retirement, and on active full-time status for the two (2) years prior to retirement. The District provides a cash subsidy up to the current year district cap amount, any health insurance program cost above the cap are paid by the retired employee. The plan is a single-employer defined OPEB plan, administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided.

The following is a description of the current retiree benefit plan:

	Certificated	Classified	Management
Benefit Types Provided	Medical Only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	15 years	15 years	15 years
Minimum Age	58*	58*	58*
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	Active contribution rate	Active contribution rate	Active contribution rate

* Certificated and management employees hired before 7/1/05 and classified employee hired before 7/1/04 may retire as early as age 55.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	44
Active plan members	<u>422</u>
Total	<u><u>466</u></u>

Total OPEB Liability

The District total OPEB liability of \$13,272,841 was measured as of June 30, 2019 (the measurement date). Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and at June 30, 2019 amounted to \$510,861.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75%
Salary increases	2.75%
Discount rate	3.60%
Healthcare cost trend rate	4.00%

The discount rate is based on the Bond Buyer 20 Index at June 30, 2019.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations. Termination rates are based on the most recent rates used by CalPERS and the CalSTRS for the pension valuation.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Changes in the Total OPEB Liability (July 1, 2018 – June 30, 2019)

Total OPEB Liability		
Service Cost	\$	848,313
Interest		439,453
Experience (Gains)/Losses		1,093,159
Changes of assumptions		148,112
Benefit payments		(793,195)
		<hr/>
Net change in total OPEB liability		1,735,842
Total OPEB liability - July 1, 2018 (a)		11,536,999
		<hr/>
Total OPEB liability - June 30, 2019 (b)	\$	<u>13,272,841</u>
Plan Fiduciary Net Position		
Contributions - employer	\$	718,052
Net investment income		5,746
Benefit payments		(718,052)
Trustee fees		505,210
Administrative expense		(95)
		<hr/>
Net change in plan fiduciary net position		510,861
Plan Fiduciary Net Position - July 1, 2018 (c)		-
		<hr/>
Plan Fiduciary Net Position - June 30, 2019 (d)	\$	<u>510,861</u>
Net OPEB Liability - Beginning July 1, 2018 (a) - (c)	\$	<u>11,536,999</u>
Net OPEB Liability - Ending June 30, 2019 (b) - (d)	\$	<u>12,761,980</u>

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 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease	Discount Rate	1% Increase
	<u>2.60%</u>	<u>3.60%</u>	<u>4.60%</u>
Total OPEB liability (asset)	\$ 13,511,329	\$ 12,761,980	\$ 12,027,372

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

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 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB liability (asset)	\$ 12,272,611	\$ 12,761,980	\$ 13,041,572

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$(114,599). At June 30, 2020, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions after the measurement date	\$ 734,413	\$ -
Changes in assumptions or other inputs	-	56,660
Investment (Gains)/Losses	-	4,598
Experience (Gains)/Losses	941,473	-
Total	<u>\$ 1,675,886</u>	<u>\$ 61,258</u>

\$734,413 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 66,359
2022	66,359
2023	66,359
2024	66,361
2025	67,509
Thereafter	<u>547,268</u>
Total	<u>\$ 880,215</u>

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

11. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013, are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS		CalSTRS	
	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>	Before <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire Date				
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	7.000%	10.205%	10.205%
Required employer contribution rates	19.721%	19.721%	17.100%	17.100%

*Amounts are limited to 120% of Social Security Wage Base.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.88% of annual payroll. For the fiscal year ending June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00%, and the employer's contribution rate was 19.721%.

On-Behalf Payments

Consistent with Section 20825.2 of the Government Code, the State of California appropriated \$904,000,000 from the General Fund for the 2018-19 fiscal year to be apportioned as follows:

- a) \$144,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2020-21 fiscal year.
- b) \$100,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2021-22 fiscal year.
- c) \$660,000,000 shall be applied to the unfunded liabilities for the school employers whose assets and liabilities are merged pursuant to subdivision (a) of Section 20618.

Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

Contributions - CalSTRS

For the measurement period ended June 30, 2019 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 10.205% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 17.100% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Section 22950.5 states, "For fiscal year 2021-22 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary."

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2018 (measurement date), the State contributed 10.328% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Contributions Recognized

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each plan were as follows:

	<u>CalPERS</u>	<u>CalSTRS</u>
Contributions - Employer	\$ 1,387,575	\$ 4,356,215
Contributions - Employee (paid by employer)	542,160	2,744,633
Contributions - State On-Behalf Payments	<u>491,324</u>	<u>3,971,216</u>
 Total	 <u>\$ 2,421,059</u>	 <u>\$ 11,072,064</u>

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

As of June 30, 2020, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 16,169,231
CalSTRS	<u>44,661,262</u>
 Total Net Pension Liability	 <u>\$ 60,830,493</u>

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2019. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$15,653,595. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 9,920,349	\$ -
Differences between actual and expected experience	1,287,281	1,258,503
Changes in assumptions	6,418,380	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	1,870,339
	<u>-</u>	<u>1,870,339</u>
Total	<u>\$ 17,626,010</u>	<u>\$ 3,128,842</u>

\$9,920,349 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>		
2021	\$	2,326,009
2022		(29,387)
2023		1,079,638
2024		1,468,667
2025		(138,637)
Thereafter		<u>(129,471)</u>
Total	<u>\$</u>	<u>4,576,819</u>

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Actuarial Assumptions

The total pension liabilities in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>	<u>CalSTRS</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth	3.00%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.15% #	7.10% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment
 # Net of pension plan investment expenses, including inflation
 & Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require board action and proper stakeholder outreach. CalSTRS commenced a new ALM study in January 2019, and expects to have a new asset allocation in February 2020. The CalPERS new four-year asset allocation alignment became effective on July 1, 2018. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS and CalSTRS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

<u>Asset Class</u>	<u>CalSTRS</u>	
	<u>Assumed Assets Allocation</u>	<u>Long Term Expected Rate of Return*</u>
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Inflation Sensitive	4.00%	3.30%
Private Equity	13.00%	6.30%
Real Estate	13.00%	3.60%
Liquidity	2.00%	-0.40%
Risk Mitigating Strategies	9.00%	1.80%

* 20-year average

<u>Asset Class</u>	<u>CalPERS</u>		
	<u>Assumed Asset Allocation</u>	<u>Real Return (Years 1-10) *</u>	<u>Real Return (Years 11+) #</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

* An expected inflation of 2.00% used for this period

An expected inflation of 2.92% used for this period

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

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

The following represents the District’s proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, 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 or 1 percentage point higher than the current rate:

	CalPERS	CalSTRS
1% Decrease	6.15%	6.10%
Net Pension Liability	\$ 23,306,883	\$ 66,504,316
Current Discount Rate	7.15%	7.10%
Net Pension Liability	\$ 16,169,231	\$ 44,661,262
1% Increase	8.15%	8.10%
Net Pension Liability	\$ 10,248,055	\$ 26,549,211

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

12. JOINT POWERS AGREEMENTS

The District has entered into joint powers agreements (JPAs) with other governmental units, as allowed by the California Government Code. These JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, fund transactions between the entities and Alta Loma School District are included in these statements. Summarized below is certain information on these entities:

California Schools Risk Management (CSRM)

<u>Purpose</u>	To arrange and provide for workers’ compensation, property liability, and fringe benefits insurance coverage.
<u>Participants</u>	Numerous Riverside and San Bernardino County school districts.
<u>Governing Board</u>	Nine members; one representative from each member district.

California Schools’ Employee Benefits Association (CSEBA)

<u>Purpose</u>	To arrange for and provide employee health and welfare coverage for all members.
<u>Participants</u>	School districts in Southern California.
<u>Governing Board</u>	A representative from each member district.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Inland Personnel Council (IPC)

<u>Purpose</u>	To provide legal services, advice and professional development in the areas of employer/employee relations, contract management and collective bargaining.
<u>Participants</u>	Other school districts in San Bernardino and Riverside Counties.
<u>Governing Board</u>	Superintendents of San Bernardino and Riverside County and two representatives each from San Bernardino and Riverside Counties.

Condensed audited financial information for the JPAs is as follows:

	CSRM <u>June 30, 2019</u>	CSEBA <u>June 30, 2019</u>
Total Assets	\$ 85,351,947	\$ 65,783,647
Total Liabilities	<u>33,598,342</u>	<u>18,543,676</u>
Net Position	<u>\$ 51,753,605</u>	<u>\$ 47,239,971</u>
Total Revenues	\$ 51,050,851	\$ 267,269,104
Total Expenditures	<u>45,690,461</u>	<u>260,280,003</u>
Net Increase (Decrease) in Net Position	<u>\$ 5,360,390</u>	<u>\$ 6,989,101</u>

Financial information for IPC was not available.

13. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review and audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

ALTA LOMA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

C. Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Alta Loma Junior High School	1,844,995	12/31/2020
Vineyard Junior High School	2,134,960	3/31/2021
Classroom AV Upgrade	1,319,206	6/30/2022
Deer Canyon Elementary Modernization	4,786,303	6/30/2021

Required Supplementary
Information

ALTA LOMA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	\$ 35,754,886	\$ 35,187,395	\$ 39,052,353	\$ 3,864,958
Education Protection Account Funds	8,405,244	8,945,164	4,722,997	(4,222,167)
Local Sources	8,444,394	8,444,394	8,672,578	228,184
Total LCFF Sources	52,604,524	52,576,953	52,447,928	(129,025)
Federal Revenues	1,708,851	2,132,923	1,635,921	(497,002)
Other State Revenues	2,117,531	5,785,888	5,903,971	118,083
Other Local Revenues	4,501,601	6,205,956	5,721,051	(484,905)
Total Revenues	60,932,507	66,701,720	65,708,871	(992,849)
EXPENDITURES				
Certificated Salaries	28,391,484	29,480,485	29,069,750	410,735
Classified Salaries	9,666,055	10,525,099	10,361,356	163,743
Employee Benefits	14,557,089	18,394,131	18,394,131	-
Books and Supplies	3,982,610	5,023,476	1,583,857	3,439,619
Services and Other Operating Expenditures	5,320,625	6,620,025	5,153,865	1,466,160
Other Outgo	115,723	207,258	239,097	(31,839)
Direct Support/Indirect Costs	(114,717)	(114,717)	(102,766)	(11,951)
Capital Outlay	733,611	681,301	619,563	61,738
Debt Service:				
Principal	67,477	67,477	14,715	52,762
Interest	8,216	8,216	4,005	4,211
Total Expenditures	62,728,173	70,892,751	65,337,573	5,555,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,795,666)	(4,191,031)	371,298	4,562,329
OTHER FINANCING SOURCES (USES):				
Interfund Transfers Out	(236,967)	(352,847)	(355,527)	(2,680)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ (2,032,633)	\$ (4,543,878)	15,771	\$ 4,559,649
FUND BALANCE - JULY 1, 2019			22,663,156	
FUND BALANCE - JUNE 30, 2020			\$ 22,678,927	

See accompanying Notes to Required Supplementary Information.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB Liability	\$ 13,272,841	\$ 11,536,999	\$ 11,306,205
Plan fiduciary net position	510,861	-	-
Net OPEB liability	<u>\$ 12,761,980</u>	<u>\$ 11,536,999</u>	<u>\$ 11,306,205</u>
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Reporting date	June 30, 2020	June 30, 2019	June 30, 2018
Covered payroll	\$ 40,328,842	\$ 37,255,678	\$ 32,444,786
Net OPEB liability (asset) as a percentage of covered payroll	31.64%	30.97%	34.85%
Plan fiduciary net position as a percentage of the total OPEB liability	1.27%	0.00%	0.00%
Total OPEB Liability			
Service Cost	\$ 848,313	\$ 870,500	\$ 847,202
Interest	439,453	430,291	381,209
Experience (Gains)/Losses	1,093,159	-	-
Changes of assumptions	148,112	(233,977)	-
Benefit payments	<u>(793,195)</u>	<u>(836,020)</u>	<u>(803,865)</u>
Net change in total OPEB liability	1,735,842	230,794	424,546
Total OPEB liability - July 1 (a)	<u>11,536,999</u>	<u>11,306,205</u>	<u>10,881,659</u>
Total OPEB liability - June 30 (b)	<u>\$ 13,272,841</u>	<u>\$ 11,536,999</u>	<u>\$ 11,306,205</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 718,052	\$ -	\$ -
Net investment income	5,746	-	-
Benefit payments	(718,052)	-	-
Trustee fees	505,210	-	-
Administrative expense	<u>(95)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	510,861	-	-
Plan Fiduciary Net Position - July 1 (c)	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - June 30 (d)	<u>\$ 510,861</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Beginning July 1 (a) - (c)	<u>\$ 11,536,999</u>	<u>\$ 11,306,205</u>	<u>\$ 10,881,659</u>
Net OPEB Liability - Ending June 30 (b) - (d)	<u>\$ 12,761,980</u>	<u>\$ 11,536,999</u>	<u>\$ 11,306,205</u>

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled information is presented for those years for which information is available.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Contractually determined contribution	\$ 793,195	\$ 836,020	\$ 803,865
Contributions in relation to the contractually determined contribution	<u>793,195</u>	<u>836,020</u>	<u>803,865</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 40,328,842</u>	<u>\$ 37,255,678</u>	<u>\$ 32,444,786</u>
Contributions as a percentage of covered-employee payroll	<u>1.97%</u>	<u>2.24%</u>	<u>2.48%</u>

The District has elected to make an annual contribution equal to the benefit payments. The District share of net benefits is the difference between the expected benefit payments and the reitree contributions. It is sometimes referred to as "pay-as-you-go".

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled, information is presented for those years for which information is available.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CalPERS					
	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.05548%	0.05435%	0.05337%	0.05258%	0.05069%	0.05237%
District's proportionate share of the net pension liability	\$ 16,169,231	\$ 14,491,421	\$ 12,740,828	\$ 10,384,583	\$ 7,471,756	\$ 5,945,270
District's covered-employee payroll	\$ 7,684,963	\$ 7,169,146	\$ 6,806,300	\$ 6,308,534	\$ 5,611,698	\$ 5,497,247
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	210.40%	202.14%	187.19%	164.61%	133.15%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalSTRS

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.04945%	0.04734%	0.04492%	0.04490%	0.04590%	0.04174%
District's proportionate share of the net pension liability	\$ 44,661,262	\$ 43,508,774	\$ 41,542,016	\$ 36,315,569	\$ 30,901,716	\$ 24,391,604
State's proportionate share of the net pension liability associated with the District	<u>15,764,979</u>	<u>15,841,110</u>	<u>15,441,167</u>	<u>13,175,288</u>	<u>10,689,831</u>	<u>9,183,439</u>
Total	<u>\$ 60,426,241</u>	<u>\$ 59,349,884</u>	<u>\$ 56,983,183</u>	<u>\$ 49,490,857</u>	<u>\$ 41,591,547</u>	<u>\$ 33,575,043</u>
District's covered-employee payroll	\$ 26,760,454	\$ 25,197,769	\$ 23,805,103	\$ 22,308,211	\$ 21,212,286	\$ 18,497,030
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.89%	172.67%	174.51%	162.79%	145.68%	115.86%
Plan fiduciary net position as a percentage of the total pension liability	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 1,603,190	\$ 1,387,575	\$ 1,113,199	\$ 945,428	\$ 747,372	\$ 660,553
Contributions in relation to the contractually required contribution	<u>1,603,190</u>	<u>1,387,575</u>	<u>1,113,199</u>	<u>945,428</u>	<u>747,372</u>	<u>660,553</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,125,706	\$ 7,684,963	\$ 7,167,592	\$ 6,807,517	\$ 6,308,534	\$ 5,611,698
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALSTRS LAST TEN FISCAL YEARS*
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalSTRS

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	\$ 4,918,347	\$ 4,356,215	\$ 3,647,499	\$ 2,991,914	\$ 2,393,671	\$ 1,833,651
Contributions in relation to the contractually required contribution	<u>4,918,347</u>	<u>4,356,215</u>	<u>3,647,499</u>	<u>2,991,914</u>	<u>2,393,671</u>	<u>1,833,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 28,763,431	\$ 26,760,454	\$ 25,277,194	\$ 23,783,100	\$ 22,308,211	\$ 21,212,286
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

ALTA LOMA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2020, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund	
Other Outgo	\$ 31,839
Direct Support/Indirect Costs	11,951

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

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

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

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information as of the measurement date of the net OPEB liability.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportion share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

ALTA LOMA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

3. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes - PERS

There were no changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Changes of Assumptions – PERS

None.

Changes of Assumptions - STRS

The investment return assumption was reduced from 7.25 percent to 7.10 percent.

Changes of Assumptions - OPEB

The discount rate in the current valuation was changed from 3.80% to 3.60%.

Supplementary Information

ALTA LOMA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	CAFETERIA FUND	PUPIL TRANSPORTATION EQUIPMENT FUND	TOTAL
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ 234,777	\$ 1,055	\$ 235,832
Cash on Hand and in Banks	72,698	-	72,698
Revolving Fund	800	-	800
Accounts Receivable	88,359	5	88,364
Due From Other Funds	57,330	-	57,330
Inventory	82,998	-	82,998
TOTAL ASSETS	\$ 536,962	\$ 1,060	\$ 538,022
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 12,574	\$ -	\$ 12,574
Due From Other Funds	241,787	-	241,787
Unearned Revenue	88,662	-	88,662
Total Liabilities	343,023	-	343,023
Fund Balances			
Nonspendable	83,798	-	83,798
Restricted	110,141	-	110,141
Assigned	-	1,060	1,060
Total Fund Balances	193,939	1,060	194,999
TOTAL LIABILITIES AND FUND BALANCES	\$ 536,962	\$ 1,060	\$ 538,022

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CAFETERIA FUND	PUPIL TRANSPORTATION EQUIPMENT FUND	TOTAL
<u>REVENUES</u>			
Federal Revenue	\$ 1,248,777	\$ -	\$ 1,248,777
Other State Revenue	77,364	-	77,364
Other Local Revenue	662,143	21	662,164
Total Revenues	1,988,284	21	1,988,305
<u>EXPENDITURES</u>			
Food Services	2,187,932	-	2,187,932
All Other General Administration	102,766	-	102,766
Total Expenditures	2,290,698	-	2,290,698
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(302,414)	21	(302,393)
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund Transfers In	355,527	-	355,527
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	53,113	21	53,134
<u>FUND BALANCES - JULY 1, 2019</u>	140,826	1,039	141,865
<u>FUND BALANCES - JUNE 30, 2020</u>	\$ 193,939	\$ 1,060	\$ 194,999

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	<u>CAPITAL FACILITIES FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ 11,027	\$ 12,615	\$ 23,642
Accounts Receivable	58	58	116
Due From Other Funds	<u>8,023</u>	<u>-</u>	<u>8,023</u>
 TOTAL ASSETS	 <u>\$ 19,108</u>	 <u>\$ 12,673</u>	 <u>\$ 31,781</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 17,740	\$ -	\$ 17,740
 Fund Balances			
Restricted	<u>1,368</u>	<u>12,673</u>	<u>14,041</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 19,108</u>	 <u>\$ 12,673</u>	 <u>\$ 31,781</u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	TOTAL
<u>REVENUES</u>			
Other Local Revenues	\$ 1,368	\$ 246	\$ 1,614
<u>EXPENDITURES</u>			
Facilities Acquisition and Construction	4,012	-	4,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,644)	246	(2,398)
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund Transfers In	4,012	-	4,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	1,368	246	1,614
<u>FUND BALANCES - JULY 1, 2019</u>	-	12,427	12,427
<u>FUND BALANCES - JUNE 30, 2020</u>	<u>\$ 1,368</u>	<u>\$ 12,673</u>	<u>\$ 14,041</u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	BALANCE JULY 1, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
<u>Alta Loma Junior High</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 37,712	\$ 82,371	\$ 73,659	\$ 46,424
Inventory	30,105	8,044	30,105	8,044
TOTAL ASSETS	\$ 67,817	\$ 90,415	\$ 103,764	\$ 54,468
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
General ASB Accounts	67,817	90,415	103,764	54,468
TOTAL LIABILITIES	\$ 67,817	\$ 90,415	\$ 103,764	\$ 54,468
<u>Vineyard Junior High</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 32,350	\$ 197,447	\$ 182,073	\$ 47,724
Inventory	15,729	16,437	15,729	16,437
TOTAL ASSETS	\$ 48,079	\$ 213,884	\$ 197,802	\$ 64,161
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
General ASB Accounts	48,079	213,884	197,802	64,161
TOTAL LIABILITIES	\$ 48,079	\$ 213,884	\$ 197,802	\$ 64,161
<u>Elementary Schools</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 119,732	\$ 148,421	\$ 126,065	\$ 142,088
TOTAL ASSETS	\$ 119,732	\$ 148,421	\$ 126,065	\$ 142,088
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
General ASB Accounts	119,732	148,421	126,065	142,088
TOTAL LIABILITIES	\$ 119,732	\$ 148,421	\$ 126,065	\$ 142,088
<u>Total</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 189,794	\$ 428,239	\$ 381,797	\$ 236,236
Inventory	45,834	24,481	45,834	24,481
TOTAL ASSETS	\$ 235,628	\$ 452,720	\$ 427,631	\$ 260,717
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
General ASB Accounts	235,628	452,720	427,631	260,717
TOTAL LIABILITIES	\$ 235,628	\$ 452,720	\$ 427,631	\$ 260,717

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
ELEMENTARY SCHOOLS
STUDENT BODY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>ELEMENTARY SCHOOLS</u>	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
Banyan	\$ 25,465	\$ 52,680	\$ 44,836	\$ 33,309
Carnelian	6,734	12,041	12,576	6,199
Deer Canyon	23,525	7,987	4,577	26,935
Hermosa	224	-	140	84
Floyd M. Stork	43,386	34,850	28,580	49,656
Victoria Groves	20,398	40,863	35,356	25,905
Total	<u>\$ 119,732</u>	<u>\$ 148,421</u>	<u>\$ 126,065</u>	<u>\$ 142,088</u>

The Notes to Financial Statements are an integral part of this statement.

ALTA LOMA SCHOOL DISTRICT
GOVERNING BOARD AND ORGANIZATION
 JUNE 30, 2020

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Rebecca Davies	President	November 2022
Caryn Payzant	Vice President	November 2022
Dave Roberts	Clerk	November 2020
Brad Buller	Member	November 2020
Sandra Oerly	Member	November 2022

ADMINISTRATION

James Moore	Superintendent
Lori Thompson	Associate Superintendent, Educational Services
Steve Thomas	Associate Superintendent, Administrative Services

ORGANIZATION

The Alta Loma School District was established as an elementary school district in 1885, and provides education for children from transitional kindergarten through eighth grade. The District encompasses an area of approximately twenty-five square miles located in San Bernardino County. The District maintained eight elementary schools and two junior high schools. During the fiscal year 2018-19, there were no changes in the District's boundaries.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Second Period Report E5244097	Annual Report 784E00A
<u>TK/K-3</u>		
Regular	2,581.97	2,581.97
Special Education - NPS	0.87	0.87
Subtotal Grades TK/K-3	<u>2,582.84</u>	<u>2,582.84</u>
 <u>Grades 4-6</u>		
Regular	1,906.13	1,906.13
Special Education - NPS	2.69	2.69
Extended Year Special Education	0.18	0.18
Subtotal Grades 4-6	<u>1,909.00</u>	<u>1,909.00</u>
 <u>Grades 7-8</u>		
Regular	1,324.25	1,324.25
Extended Year Special Education	0.12	0.12
Subtotal Grades 7-8	<u>1,324.37</u>	<u>1,324.37</u>
 Grand Total	 <u><u>5,816.21</u></u>	 <u><u>5,816.21</u></u>

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>GRADE LEVEL</u>	<u>1986-87 MINUTES REQUIREMENT</u>	<u>2019-20 ACTUAL MINUTES</u>	<u>NUMBER OF DAYS TRADITIONAL CALENDAR</u>	<u>NUMBER OF DAYS MULTITRACK CALENDAR</u>	<u>STATUS</u>
Kindergarten	36,000	36,000	180	N/A	In Compliance
Grades 1-3	50,400	52,660	180	N/A	In Compliance
Grades 4-8	54,000	54,610	180	N/A	In Compliance

Note: The District participated in Longer Day incentives and has met its target funding.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>GENERAL FUND</u>	(BUDGET) 2021*	2020	2019	2018
Revenues and Other Financial Sources	\$ 67,192,205	\$ 65,708,871	\$ 66,262,603	\$ 58,825,729
Expenditures	68,962,260	65,337,573	63,275,462	56,849,772
Other Uses and Transfers Out	400,000	355,527	175,000	200,000
Total Outgo	69,362,260	65,693,100	63,450,462	57,049,772
Change in Fund Balance	\$ (2,170,055)	\$ 15,771	\$ 2,812,141	\$ 1,775,957
Ending Fund Balance	\$ 20,473,122	\$ 22,678,927	\$ 22,663,156	\$ 19,851,015
Available Reserves	\$ 19,332,644	\$ 20,678,171	\$ 20,439,973	\$ 14,861,122
Reserve for Economic Uncertainties	\$ 2,005,500	\$ 1,998,219	\$ 1,839,601	\$ 1,711,493
Unassigned Fund Balance	\$ 17,327,144	\$ 18,679,952	\$ 18,600,372	\$ 13,149,629
Available Reserves as a Percentage of Total Outgo	27.87%	31.48%	32.21%	26.05%
Total Long-Term Debt	N/A	\$ 133,704,236	\$ 115,763,094	\$ 89,146,836
Average Daily Attendance at P-2	5,816	5,816	5,807	5,749

The General Fund balance has increased by \$2,827,912 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$2,170,055. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. Alta Loma School District has met the State's minimum requirements.

Average daily attendance has increased by 67 over the past two years. Funding for fiscal year 2020-21 will be based on 2019-20 ADA.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	CLUSTER EXPENDITURES	FEDERAL EXPENDITURES
<u>GENERAL FUND</u>				
U.S. Department of Education				
Passed through the California Department of Education (CDE):				
Special Education, Local Assistance	84.027	13379	\$	967,738
Title I	84.010	14329		549,582
Title II, Supporting Effective Instruction	84.367	14341		41,484
Title III, LEP	84.365	14346		37,552
Title IV, Student Support	84.424	15396		<u>39,565</u>
Total Department of Education				1,635,921
U.S. Department of Health & Human Services				
Passed through CDE:				
MediCal Billing Option	93.778	10013		<u>95,380</u>
Total General Fund				1,731,301
<u>CAFETERIA FUND</u>				
U.S. Department of Agriculture:				
Passed through CDE:				
* Child Nutrition Cluster:				
National School Lunch	10.555	13391, 13396	\$	924,199
Basic Breakfast	10.553	13390		6,907
Especially Needy Breakfast	10.553	13326		134,536
Donated Food Commodities				<u>183,135</u>
Total Department of Agriculture				<u>1,248,777</u>
Total Federal Expenditures				<u>\$ 2,980,078</u>
<u>Reconciliation of Federal Awards</u>				
Total Federal Expenditures			\$	2,980,078
MediCal Billing Options (Expenditures from reserves)				<u>(95,380)</u>
Total Federal Revenues			<u>\$</u>	<u>2,884,698</u>
* Major Program				

ALTA LOMA SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	CAFETERIA FUN D	BUILDING FUND	DEFERRED MAINTENANCE FUND	SPECIAL RESERVE FUND
June 30, 2020, Annual Financial and Budget Report Form Fund Balances	\$ 22,643,176	\$ 87,027	\$ 20,280,346	\$ 175,279	\$ 1,366,166
			-		
<u>Adjustments and Reclassifications</u>					
Increase Cash County for:					
GASB 31	303,756	-	408,068	-	-
(Decrease) Cash With Fiscal Agent for:					
Interest	(268,006)	-	-	-	-
Decrease Accounts Payable for:					
Erroneous Entry	-	106,912	-	-	-
Increase (Decrease) Fund Balance for:					
GASB 54 Reporting Requirement	2,837,578	-	-	(175,279)	(1,366,166)
June 30, 2020, Audited Financial Statements Fund Balances	<u>\$ 25,516,504</u>	<u>\$ 193,939</u>	<u>\$ 20,688,414</u>	<u>\$ -</u>	<u>\$ -</u>

ALTA LOMA SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. The District has not met or exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. Schedule of Financial Trends and Analysis

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

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis indirect cost rate.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the Annual Form to the audited financial statements.



Jeanette L. Garcia,
CPA

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

Independent Auditor's Report

To the Governing Board
Alta Loma School District
Alta Loma, 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 Alta Loma School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Alta Loma School District's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alta Loma 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 Alta Loma School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alta Loma 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 noted certain matters that we reported to management of Alta Loma School District in a separate letter dated December 9, 2020.

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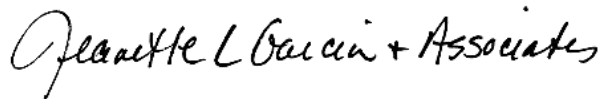
California
Society of
Certified Public
Accountants

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Jeanette L. Garcia + Associates". The signature is written in a cursive, flowing style.

San Bernardino, California
December 9, 2020



Jeanette L. Garcia & Associates

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San Bernardino, CA 92408

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Jeanette L. Garcia,
CPA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Governing Board
Alta Loma School District
Alta Loma, California

Report on Compliance for Each Major Federal Program

We have audited Alta Loma School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alta Loma School District's major federal programs for the year ended June 30, 2020. Alta Loma School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Alta Loma District's compliance.

Opinion on Each Major Federal Program

In our opinion, Alta Loma School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

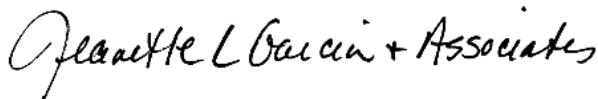
Report on Internal Control Over Compliance

Management of Alta Loma 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 Alta Loma 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 Alta Loma 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.



San Bernardino, California
December 9, 2020



Jeanette L. Garcia,
CPA

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

To the Governing Board
Alta Loma School District
Alta Loma, California

Report On State Compliance

We have audited the District’s compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District’s state programs identified below for fiscal year ended June 30, 2020.

Management’s Responsibility for State Compliance

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and 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 direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

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

Member:		<u>Procedures Performed</u>
American Institute of Certified Public Accountants	Local Education Agencies Other Than Charter Schools:	
	Attendance	Yes
	Teacher Certification and Misassignments	Yes
	Kindergarten Continuance	Yes
	Independent Study	No (see below)
California Society of Certified Public Accountants	Continuation Education	Not Applicable

	<u>Procedures Performed</u>
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
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not test Independent Study because the ADA was below the level required for testing. We did not test the Early Retirement Incentive Program because the District did not participate in the program.

Opinion on State Compliance

In our opinion, Alta Loma School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2020.

Jeanette L. Gaccin + Associates

San Bernardino, California
December 9, 2020

Findings and Recommendations

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported	

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported	

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

Any audit findings disclosed that are required to be reported in accordance with Title 2, CFR Part 200? _____ Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553	Child Nutrition Cluster

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

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

State Awards

Internal control over state programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiencies identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported	

Noncompliance material to financial statements noted? _____ Yes No

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

ALTA LOMA SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

ALTA LOMA SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2019.



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Jeanette L. Garcia,
CPA

To the Governing Board
Alta Loma School District
Alta Loma, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alta Loma School District, for the year ended June 30, 2020, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated December 9, 2020. The Findings and Recommendations section of the audit report dated December 9, 2020, contains certain reportable conditions in the District's internal control over financial reporting. This letter does not affect our report dated December 9, 2020 on the financial statements of Alta Loma School District.

Champs Program

Money received from the Champs program is collected at the front desk. Receipts are always written for cash but not always for checks. There is no comprehensive receipt log of all the money received. However, a deposit log of the cash receipt numbers and check numbers is prepared before every deposit. To ensure all money is accounted for, the District should write receipts for all money received. Keeping a comprehensive log of all money received will strengthen controls over the Champs program. Also, the receipt book kept at the front desk should be prenumbered and not handwritten to ensure all money is properly accounted for.

We will review the status of this recommendation during our next audit engagement. We have discussed this comment and suggestion with various District personnel, and we will be pleased to discuss this in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This report is intended solely for the information and use of the management, Board of Education, San Bernardino County Office of Education, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Member:

American
Institute of
Certified Public
Accountants

San Bernardino, California
December 9, 2020

California
Society of
Certified Public
Accountants