



Financial Statements
June 30, 2020

Bear Valley Unified School District

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Independent Auditor's Report

To the Governing Board
Bear Valley Unified School District
Big Bear Lake, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Bear Valley Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bear Valley Unified 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.

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 11, and other required supplementary information on pages 66 through 69, 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 Bear Valley Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2020, on our consideration of Bear Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bear Valley Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bear Valley Unified School District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 12, 2020

BOARD OF TRUSTEES

Dr. Stephen Foulkes
Mr. John Goepf
Mrs. Cathy Herrick
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Mr. Paul Zamoyta

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Superintendent of Schools

**BEAR VALLEY SCHOOLS**

Big Bear Elementary
North Shore Elementary
Baldwin Lane Elementary
Fallsview School
Big Bear Middle
Big Bear High
Chautauqua High

P.O. Box 1529 * 42271 Moonridge Road * Big Bear Lake, CA 92315 * (909) 866-4631 * Fax (909) 866-2040 * www.bearvalleyusd.org

This section of Bear Valley Unified School District's (the District) 2019-2020 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Bear Valley Unified School District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets (including Capital Assets) of the District as well as all liabilities (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

- The Governmental Funds are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The Fiduciary Funds are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Bear Valley Unified School District.

It is the mission of Bear Valley Unified School District to educate, inspire, and prepare all students by creating innovative learning environments where students can thrive academically, contribute to society, and lead healthy, purposeful lives.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$8.4 million for the fiscal year ended June 30, 2020. Of this amount, \$(25.2) million was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 14,573,598	\$ 13,786,443
Capital assets	41,343,621	44,729,646
Total assets	55,917,219	58,516,089
Deferred Outflows or Resources	8,060,655	9,118,848
Liabilities		
Current liabilities	2,347,133	3,592,103
Long-term liabilities	18,545,203	20,463,373
Total other postemployment benefits liability	2,848,271	3,826,841
Aggregate net pension liability	27,958,485	28,319,834
Total liabilities	51,699,092	56,202,151
Deferred Inflows of Resources	3,919,591	1,775,136
Net Position		
Net investment in capital assets	25,352,680	26,555,224
Restricted	8,255,953	7,590,059
Unrestricted deficit	(25,249,442)	(24,487,633)
Total net position	\$ 8,359,191	\$ 9,657,650

The \$(25.2) million in unrestricted deficit net position represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 13. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 312,435	\$ 278,781
Operating and grants and contributions	4,306,038	3,962,519
General revenues		
Federal and State aid not restricted	14,749,552	14,008,034
Property taxes	14,866,692	15,245,632
Other general revenues	2,076,346	4,120,838
Total revenues	36,311,063	37,615,804
Expenses		
Instruction-related	23,626,416	22,916,220
Pupil services	4,054,105	4,269,451
Administration	2,866,447	2,824,669
Plant services	3,421,934	3,758,219
All other services	3,640,620	1,234,568
Total expenses	37,609,522	35,003,127
Changes in Net Position	\$ (1,298,459)	\$ 2,612,677

Governmental Activities

As reported in the *Statement of Activities* on page 13, the cost of all of our governmental activities this year was \$37.6 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$14.9 million because the cost was paid by those who benefited from the programs (\$0.3 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$4.3 million). We paid for the remaining "public benefit" portion of our governmental activities with \$16.8 million in Federal and State unrestricted funds and with other revenues like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, instruction-related activities, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	2020		2019	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	23,626,416	\$ 20,613,417	\$ 22,916,220	\$ 20,195,016
Pupil services	4,054,105	2,786,013	4,269,451	3,099,893
Administration	2,866,447	2,726,204	2,824,669	2,679,738
Plant services	3,421,934	3,416,522	3,758,219	3,749,274
All other services	3,640,620	3,448,893	1,234,568	1,037,906
Total	<u>\$ 37,609,522</u>	<u>\$ 32,991,049</u>	<u>\$ 35,003,127</u>	<u>\$ 30,761,827</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$12,321,757, which is an increase of \$1,921,838 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2019	Revenues and Other Financing Sources	Expenses and Other Financing Uses	June 30, 2020
General Fund	\$ 1,809,286	\$ 31,066,261	\$ 29,953,910	\$ 2,921,637
Capital Facilities Fund	5,002,677	1,750,722	1,266,645	5,486,754
Bond Interest and Redemption Fund	2,338,618	2,199,299	2,128,337	2,409,580
Cafeteria Fund	181,995	1,258,096	1,260,842	179,249
Deferred Maintenance Fund	130,158	102,369	24,463	208,064
Special Reserve Fund for Capital Outlay Projects	937,185	232,080	52,792	1,116,473
COP Debt Service Fund	-	324,288	324,288	-
Total	<u>\$ 10,399,919</u>	<u>\$ 36,933,115</u>	<u>\$ 35,011,277</u>	<u>\$ 12,321,757</u>

The primary reasons for the increase are:

Our General Fund is our principal operating fund. The ending fund balance in the General Fund increased \$1,112,351 over the 2018-2019 fiscal year. This increase is due to:

1. The District reduced Certificated and Classified positions in 2019-2020 from the previous 2018-2019 fiscal year due to declining enrollment.
2. The District has a board approved Technology Sustainability Plan, that in 2019-2020 only included a transfer from Fund 01 to Fund 40 in the amount of \$217,000.00. Whereas, in 2018-2019 we purchased technology and transferred funds from Fund 01 to Fund 40 for a total expenditure of approximately \$498,000.00.

General Fund Budgetary Highlights

In the current 2020-2021 fiscal year, due to the receipt of approximately \$2.8m in CARES Act funds and Learning Loss Mitigation Funds, the District's projections at First Interim will have a surplus, not a deficit spending year.

The Governor's adopted budget for 2020-2021 includes cash deferrals from February through June 2021. These anticipated cash deferrals will be repaid in the 2021-2022 fiscal year according to the State's current adopted budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$41,343,621 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net decrease of \$3,386,025 from last year.

Table 5

	Governmental Activities	
	2020	2019
Land and construction in process	\$ 1,039,338	\$ 4,140,487
Buildings and improvements	39,264,031	39,509,528
Equipment	1,040,252	1,079,631
Total	<u>\$ 41,343,621</u>	<u>\$ 44,729,646</u>

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$10,579,435 in bonds outstanding versus \$12,160,955 last year. At the end of the year, the District had \$49,351,959 in long-term liabilities. This consisted of general obligation (G.O.) bonds, premium on bonds, certificates of participation, lease/purchase financing, compensated absences, total other postemployment benefits (OPEB) liability, and the aggregate net pension liability.

Table 6

	Governmental Activities	
	2020	2019
General obligation bonds (financed with property taxes)	\$ 10,579,435	\$ 12,160,955
Premium on bonds	643,420	781,602
Certificate of participation	5,500,000	5,585,000
Lease/purchase financing	1,706,390	1,841,390
Compensated absences and other	115,958	94,426
Total OPEB liability	2,848,271	3,826,841
Aggregate net pension liability	27,958,485	28,319,834
 Total	 \$ 49,351,959	 \$ 52,610,048

We present more detailed information regarding our long-term liabilities in Note 9, Note 10 and Note 13 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The current economic factors impacting Bear Valley Unified School District are as follows: 1) Continuing declining enrollment, in 2016-2017 the District's enrollment was 2,524. However, as of 2020-2021 the enrollment is 2,220, a loss of 304 students; 2) Housing in Big Bear has become more of a challenge for families and employees living within the District's school boundaries. Long-term rentals, in the past, were readily available for families and employees. Unfortunately, these long-term rentals have become short-term rentals to support the community as Big Bear Resort

The District continues to develop budgets that reflect an ongoing decline in enrollment. This is represented in the Facilities Master Plan that was updated and board approved in October 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Executive Director of Business Services, at Bear Valley Unified School District, P.O. Box 1529, Big Bear Lake, California 92315, or email at linda_rosado@bearvalleyusd.org.

Bear Valley Unified School District
Statement of Net Position
June 30, 2020

	Bear Valley Unified School District Governmental Activities	Bear Valley Unified School District Education Foundation
Assets		
Deposits and investments	\$ 12,169,694	\$ 225,145
Receivables	2,343,313	-
Stores inventories	60,591	-
Prepaid expenses	-	3,213
Capital assets not depreciated	1,039,338	2,594,947
Capital assets, net of accumulated depreciation	40,304,283	
Total assets	55,917,219	2,823,305
Deferred Outflows of Resources		
Deferred charge on refunding	273,771	-
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	60,590	-
Deferred outflows of resources related to pensions	7,726,294	-
Total deferred outflows of resources	8,060,655	-
Liabilities		
Accounts payable	2,034,829	18,032
Accrued interest payable	95,292	-
Unearned revenue	217,012	-
Long-term liabilities		
Long-term liabilities other than OPEB and pensions due within one year	2,215,000	-
Long-term liabilities other than OPEB and pensions due in more than one year	16,330,203	-
Total other postemployment benefits liability	2,848,271	-
Aggregate net pension liability	27,958,485	-
Total liabilities	51,699,092	18,032
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB	1,223,838	-
Deferred inflows of resources related to pensions	2,695,753	-
Total deferred inflows of resources	3,919,591	-
Net Position		
Net investment in capital assets	25,352,680	-
Restricted for		
Debt service	2,314,288	-
Capital projects	5,486,754	-
Educational programs	288,165	-
Other activities	166,746	2,805,273
Unrestricted deficit	(25,249,442)	-
Total net position	\$ 8,359,191	\$ 2,805,273

Bear Valley Unified School District
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services and Sales	Operating Grants and Contributions	Bear Valley Unified School District Governmental Activities	Bear Valley Unified School District Education Foundation
Bear Valley Unified School District Governmental Activities					
Instruction	\$ 20,567,780	\$ 96,983	\$ 2,668,265	\$ (17,802,532)	\$ -
Instruction-related activities					
Supervision of instruction	320,679	13,808	48,684	(258,187)	-
Instructional library, media, and technology	170,261	-	-	(170,261)	-
School site administration	2,567,696	-	185,259	(2,382,437)	-
Pupil services					
Home-to-school transportation	1,042,360	-	-	(1,042,360)	-
Food services	1,411,122	93,504	1,038,888	(278,730)	-
All other pupil services	1,600,623	6,056	129,644	(1,464,923)	-
General administration					
Data processing	616,825	-	-	(616,825)	-
All other general administration	2,249,622	4,725	135,518	(2,109,379)	(4,884)
Plant services	3,421,934	2,640	2,772	(3,416,522)	-
Ancillary services	341,423	-	12,496	(328,927)	-
Community services	2,580,728	-	-	(2,580,728)	-
Interest on long-term liabilities	621,887	-	-	(621,887)	-
Other outgo	96,582	94,719	84,512	82,649	-
Total governmental activities	\$ 37,609,522	\$ 312,435	\$ 4,306,038	(32,991,049)	(4,884)
General revenues and subventions:					
Property taxes, levied for general purposes				11,129,171	-
Property taxes, levied for debt service				2,143,150	-
Taxes levied for other specific purposes				1,594,371	-
Federal and State aid not restricted to specific purposes				14,749,552	-
Interest and investment earnings				114,167	764
Contributions				-	2,687,000
Miscellaneous				1,962,179	2,500
Subtotal, general revenues				31,692,590	2,690,264
Change in Net Position				(1,298,459)	2,685,380
Net Position - Beginning				9,657,650	119,893
Net Position - Ending				\$ 8,359,191	\$ 2,805,273

Bear Valley Unified School District

Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 5,312,744	\$ 3,062,349	\$ 2,409,580	\$ 1,385,021	\$ 12,169,694
Receivables	2,134,554	13,857	-	194,902	2,343,313
Due from other funds	142,878	2,696,061	-	141,919	2,980,858
Stores inventories	48,088	-	-	12,503	60,591
Total assets	\$ 7,638,264	\$ 5,772,267	\$ 2,409,580	\$ 1,734,345	\$ 17,554,456
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,721,791	\$ 282,068	\$ -	\$ 30,970	\$ 2,034,829
Due to other funds	2,837,980	3,445	-	139,433	2,980,858
Unearned revenue	156,856	-	-	60,156	217,012
Total liabilities	4,716,627	285,513	-	230,559	5,232,699
Fund Balances					
Nonspendable	58,088	-	-	12,503	70,591
Restricted	288,165	5,486,754	2,409,580	166,746	8,351,245
Committed	-	-	-	208,064	208,064
Assigned	-	-	-	1,116,473	1,116,473
Unassigned	2,575,384	-	-	-	2,575,384
Total fund balances	2,921,637	5,486,754	2,409,580	1,503,786	12,321,757
Total liabilities and fund balances	\$ 7,638,264	\$ 5,772,267	\$ 2,409,580	\$ 1,734,345	\$ 17,554,456

Bear Valley Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total Fund Balance - Governmental Funds \$ 12,321,757

Amounts Reported for Governmental Activities in the Statement
of Net Position is Different Because

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds.

The cost of capital assets is	\$ 77,921,805
Accumulated depreciation is	<u>(36,578,184)</u>

Net capital assets	41,343,621
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In governmental funds, unmatured interest on long-term
liabilities is recognized in the period when it is due. On the
government-wide financial statements, unmatured interest on
long-term liabilities is recognized when it is incurred.

(95,292)

Deferred outflows of resources represent a consumption of net
position in a future period and is not reported in the governmental
funds. Deferred outflows of resources amounted to and related to

Debt refundings	273,771
Other postemployment benefits	60,590
Aggregate net pension liability	<u>7,726,294</u>

Total deferred outflows of resources	8,060,655
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Deferred inflows of resources represent an acquisition of net position
that applies to a future period and is not reported in the governmental
funds. Deferred inflows of resources amount to and related to

Other postemployment benefits	(1,223,838)
Aggregate net pension liability	<u>(2,695,753)</u>

Total deferred inflows of resources	(3,919,591)
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Bear Valley Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Aggregate net pension liability is not due and payable in the current period,
and is not reported as a liability in the funds. \$ (27,958,485)

The District's Total OPEB liability is not due and payable in the current period,
and is not reported as a liability in the funds. (2,848,271)

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

General obligation bonds	\$ (9,058,322)
Certificates of participation	(5,500,000)
Lease/purchase financing	(1,706,390)
Compensated absences	(115,958)

In addition, the District has issued 'capital appreciation' general
obligation bonds. The accretion of interest unmatured on the general
obligation bonds to date is (2,164,533)

Total long-term liabilities (18,545,203)

Total net position - governmental activities \$ 8,359,191

Bear Valley Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 25,055,618	\$ -	\$ -	\$ 100,000	\$ 25,155,618
Federal sources	1,103,650	-	-	1,023,532	2,127,182
Other State sources	2,320,989	-	7,639	75,365	2,403,993
Other local sources	2,586,004	181,253	2,191,660	118,339	5,077,256
Total revenues	31,066,261	181,253	2,199,299	1,317,236	34,764,049
Expenditures					
Current					
Instruction	17,067,169	-	-	-	17,067,169
Instruction-related activities					
Supervision of instruction	320,679	-	-	-	320,679
Instructional library, media, and technology	134,347	-	-	-	134,347
School site administration	2,275,698	-	-	-	2,275,698
Pupil services					
Home-to-school transportation	827,313	-	-	-	827,313
Food services	32,174	-	-	1,201,888	1,234,062
All other pupil services	1,358,071	-	-	-	1,358,071
Administration					
Data processing	509,541	-	-	-	509,541
All other general administration	1,844,965	3,848	-	58,950	1,907,763
Plant services	2,802,331	104,261	-	24,463	2,931,055
Ancillary services	321,424	-	-	-	321,424
Other outgo	96,582	-	-	-	96,582
Facility acquisition and construction	-	1,158,536	-	52,796	1,211,332
Debt service					
Principal	135,000	-	1,850,000	85,000	2,070,000
Interest and other	59,550	-	278,337	239,288	577,175
Total expenditures	27,784,844	1,266,645	2,128,337	1,662,385	32,842,211
Excess (Deficiency) of Revenues Over Expenditures	3,281,417	(1,085,392)	70,962	(345,149)	1,921,838
Other Financing Sources (Uses)					
Transfers in	-	1,569,469	-	599,597	2,169,066
Transfers out	(2,169,066)	-	-	-	(2,169,066)
Net Financing Sources (Uses)	(2,169,066)	1,569,469	-	599,597	-
Net Change in Fund Balances	1,112,351	484,077	70,962	254,448	1,921,838
Fund Balances - Beginning	1,809,286	5,002,677	2,338,618	1,249,338	10,399,919
Fund Balances - Ending	\$ 2,921,637	\$ 5,486,754	\$ 2,409,580	\$ 1,503,786	\$ 12,321,757

Bear Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	1,921,838
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Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

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

Depreciation expense	\$	(2,014,397)
Capital outlays		<u>1,209,100</u>

Net expense adjustment		(805,297)
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The donation of land to the discretely presented component unit, is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(2,580,728)
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(268,480)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(21,532)
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		(1,586,700)
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Bear Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2020

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.

\$ (251,328)

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

Premium amortization	138,182
Deferred amount on refunding amortization	(24,701)

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

General obligation bonds	1,850,000
Certificates of participation	85,000
Lease purchase/financing	135,000

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

110,287

Change in net position of governmental activities

\$ (1,298,459)

Bear Valley Unified School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	Agency Funds
	<hr/>
Assets	
Deposits and investments	\$ 345,489
Receivables	<hr/> 189,564
	<hr/>
Total assets	<u><u>\$ 535,053</u></u>
	<hr/>
Liabilities	
Accounts payable	\$ 171,741
Due to student groups	216,589
Due to bargaining units	<hr/> 146,723
	<hr/>
Total liabilities	<u><u>\$ 535,053</u></u>

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

The Bear Valley Unified School District (the District) was unified in 1958 under the laws of the State of California. The District operates under a locally elected five member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates four elementary schools, one middle school, one high school, and one continuation high school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Bear Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component unit, although a legally separate tax-exempt entity, is, reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District; the District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.

The Bear Valley Unified School District Education Foundation (the Foundation) is a California nonprofit corporation. The Foundation is a legally separate, tax-exempt component unit of the District. The Foundation was organized with the purpose to develop the property for community outdoor education purposes including but not limited to trails, sports fields, aquatic center, and educational interpretive centers. Bear Valley Unified School District has contributed restricted resources to the Foundation to be used specifically for the activities listed above. As a result of the contribution, Bear Unified School District became financially accountable for the restricted resources held by the Foundation. Through this relationship, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

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

Major Governmental Funds

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

Capital Facilities Fund - The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Cafeteria Fund - The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund - The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

Special Reserve Fund for Capital Outlay Projects - The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

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

COP Debt Service Fund - The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

Fiduciary Funds - Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency funds account for student body activities (ASB) and for amounts held on behalf of the District employee bargaining units.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which differs from the manner in which governmental fund financial statements are prepared.

The government-wide financial *Statement of Activities* presents a comparison between direct expenses and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

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

Expenses/Expenditures

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

Investments

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Prepaid Expenditures (Expenses)

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

Capital Assets and Depreciation

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

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

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

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable government activities statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt services expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for OPEB and pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for OPEB and pension related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the District Plan net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board, superintendent, or assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2020. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$8,255,953 of restricted net position.

Interfund Activity

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

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. 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 and Implementation Guides 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 a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities

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

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The 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.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments for Certain Provisions of GASB Statements 67 and 68, as amended, No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 12,169,694
Fiduciary funds	345,489
Component Unit - Bear Valley Unified School District	
Education Foundation	<u>225,145</u>
Total deposits and investments	<u><u>\$ 12,740,328</u></u>

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	\$ 366,780
Cash in revolving	10,000
Investments	<u>12,363,548</u>
Total deposits and investments	<u><u>\$ 12,740,328</u></u>

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Bernardino County Investment Pool. The discretely presented component unit, the Bear Valley Unified School District Education Foundation, holds a certificate of deposit with UnionBanc Investment Services.

Weighted Average Maturity and Credit Risk

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Information about the weighted average maturity and credit rating of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity in Days	Rating
San Bernardino County Investment Pool	\$ 12,288,548	553	AAAf/S1
Certificate of Deposit*	75,000	52	Not applicable
	<u>\$ 12,363,548</u>		

*Investment held by Bear Valley Unified School District Education Foundation

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District did not have any uninsured deposits. In addition, as of June 30, 2020, the discretely presented component unit, the Bear Valley Unified School District Education Foundation, did not have any uninsured deposits.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the discretely presented component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The balance of the certificate of deposit of \$75,000, is guaranteed by the Securities Investor Protection Corporation (SIPC). The discretely presented component unit does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Fair Value Measurement Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificate of Deposit*	\$ 75,000	\$ 75,000	\$ -	\$ -

All assets have been valued using a market approach, with quoted market prices.

* Certificate of deposit is held by the Bear Valley Unified School District Education Foundation.

Note 4 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Fund
Federal Government					
Categorical aid	\$ 386,193	\$ -	\$ 169,502	\$ 555,695	\$ -
State Government					
LCFF principal apportionment	1,249,932	-	-	1,249,932	-
Categorical aid	47,726	-	14,541	62,267	-
Lottery	118,079	-	-	118,079	-
Local Government					
Interest	31,545	13,534	4,454	49,533	-
Other local sources	301,079	323	6,405	307,807	189,564
Total	<u>\$ 2,134,554</u>	<u>\$ 13,857</u>	<u>\$ 194,902</u>	<u>\$ 2,343,313</u>	<u>\$ 189,564</u>

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 3,267,521	\$ -	\$ (2,580,728)	\$ 686,793
Construction in process	872,966	265,329	(785,750)	352,545
Total Capital Assets Not Being Depreciated	4,140,487	265,329	(3,366,478)	1,039,338
Capital Assets Being Depreciated				
Site improvements	16,478,029	-	-	16,478,029
Buildings and improvements	52,364,477	1,604,571	-	53,969,048
Furniture and equipment	6,310,440	124,950	-	6,435,390
Total Capital Assets Being Depreciated	75,152,946	1,729,521	-	76,882,467
Less Accumulated Depreciation				
Site improvements	(6,086,255)	(438,333)	-	(6,524,588)
Buildings and improvements	(23,246,723)	(1,411,735)	-	(24,658,458)
Furniture and equipment	(5,230,809)	(164,329)	-	(5,395,138)
Total Accumulated Depreciation	(34,563,787)	(2,014,397)	-	(36,578,184)
Governmental Activities Capital Assets, Net	\$ 44,729,646	\$ (19,547)	\$ (3,366,478)	\$ 41,343,621
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Bear Valley Unified School District				
Education Foundation				
Capital Assets Not Being Depreciated				
Land	\$ -	\$ 2,573,804	\$ -	\$ 2,573,804
Land improvements in process	-	21,143	-	21,143
Total Capital Assets Not Being Depreciated	\$ -	\$ 2,594,947	\$ -	\$ 2,594,947

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
Instruction	\$ 1,342,966
Home-to-school transportation	67,092
Food services	93,019
All other pupil services	103,817
Data processing	143,967
All other general administration	40,400
Plant services	223,136
	<u>223,136</u>
 Total Depreciation Expenses Governmental Activities	 <u><u>\$ 2,014,397</u></u>

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2020, between major funds and non-major governmental funds are as follows:

Due To	Due From			Total
	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 3,445	\$ 139,433	\$ 142,878
Capital Facilities Fund	2,696,061	-	-	2,696,061
Non-Major Governmental	141,919	-	-	141,919
	<u>141,919</u>	<u>-</u>	<u>-</u>	<u>141,919</u>
Total	<u><u>\$ 2,837,980</u></u>	<u><u>\$ 3,445</u></u>	<u><u>\$ 139,433</u></u>	<u><u>\$ 2,980,858</u></u>

The General Fund owes the Capital Facilities Fund \$2,671,149 for Redevelopment Agency funds and \$24,912 for payroll costs.

The General Fund owes the Deferred Maintenance Non-Major Governmental Fund \$73,728 for for various deferred maintenance projects.

The General Fund owes the Cafeteria Non-Major Governmental Fund \$58,950 for direct costs and \$9,241 for payroll costs.

The Capital Facilities Fund owes the General Fund \$3,445 for developer fees administration related costs.

The Cafeteria Non-Major Governmental Fund owes the General Fund \$139,433 for payroll and indirect related costs.

Bear Valley Unified School District

Notes to Financial Statements

June 30, 2020

Operating Transfers

Transfer To	Transfer From General Fund
Capital Facilities Fund	\$ 1,569,469
Non-Major Governmental Funds	599,597
Total	<u>\$ 2,169,066</u>
The General Fund transferred to the Capital Facilities Fund for RDA monies received.	\$ 1,569,469
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to cover excess expenses over revenues received due to COVID-19.	56,425
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund for the Technology Sustainability Program.	218,884
The General Fund transferred to the COP Debt Service Non-Major Governmental Fund monies for debt service principal and interest payments.	<u>324,288</u>
	<u>\$ 2,169,066</u>

Note 7 - Accounts Payable

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

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities	Bear Valley Unified School District Education Foundation	Fiduciary Fund
Salaries and benefits	\$ 1,200,066	\$ -	\$ -	\$ 1,200,066	\$ -	\$ -
LCFF principal apportionment	121,495	-	-	121,495	-	-
State categorical aid	10,420	-	-	10,420	-	-
Vendor payables	389,810	282,068	30,970	702,848	18,032	171,741
Total	<u>\$ 1,721,791</u>	<u>\$ 282,068</u>	<u>\$ 30,970</u>	<u>\$ 2,034,829</u>	<u>\$ 18,032</u>	<u>\$ 171,741</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 156,856	\$ -	\$ 156,856
State categorical aid	-	60,156	60,156
Total	<u>\$ 156,856</u>	<u>\$ 60,156</u>	<u>\$ 217,012</u>

Note 9 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
General obligation bonds	\$ 12,160,955	\$ 268,480	\$ (1,850,000)	\$ 10,579,435	\$ 1,965,000
Premium on bonds	781,602	-	(138,182)	643,420	-
Certificate of Participation	5,585,000	-	(85,000)	5,500,000	105,000
Lease/purchase financing	1,841,390	-	(135,000)	1,706,390	145,000
Compensated absences	94,426	21,532	-	115,958	-
Total	<u>\$ 20,463,373</u>	<u>\$ 290,012</u>	<u>\$ (2,208,182)</u>	<u>\$ 18,545,203</u>	<u>\$ 2,215,000</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local tax revenues. Payments on the certificates of participation are paid by the COP Debt Service Fund. The lease purchase will be paid by the General Fund. Compensated absences are paid by the fund for which the employee worked.

Bonded Debt

General Obligation Bonds Payable

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Accreted Interest/ Additions	Redeemed	Bonds Outstanding June 30, 2020
12/14/2005	8/1/2021	4.00-5.50%	\$ 10,629,898	\$ 4,125,955	\$ 268,480	\$ (1,485,000)	\$ 2,909,435
7/13/2016	8/1/2031	2.00-4.00%	8,445,000	8,035,000	-	(365,000)	7,670,000
				<u>\$ 12,160,955</u>	<u>\$ 268,480</u>	<u>\$ (1,850,000)</u>	<u>\$ 10,579,435</u>

2006 General Obligation Refunding Bonds

In December 2005, the District issued the 2006 General Obligation Refunding Bonds in the amount of \$10,629,898. The bonds were issued to advance refund all maturities of the 2002 General Obligation Bonds, Series A, that mature after August 1, 2017. As of June 30, 2020, the principal balance of the 2006 General Obligation Refunding Bonds outstanding (including accretion to date) was \$2,909,435. As of June 30, 2020, Unamortized premium received on the issuance of the bonds amounted to \$139,008. The bonds bear interest rates from 4.00 to 5.50 percent. The maturities are summarized as follows:

Fiscal Year	Principal (including accreted interest to date)	Accreted Interest	Total
2021	\$ 1,538,682	\$ 76,318	\$ 1,615,000
2022	<u>1,370,753</u>	<u>214,247</u>	<u>1,585,000</u>
Total	<u>\$ 2,909,435</u>	<u>\$ 290,565</u>	<u>\$ 3,200,000</u>

2016 General Obligation Refunding Bonds

In August 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of \$8,445,000. The bonds were issued as current interest bonds. The bonds were issued to advance refund the Election of 2002 General Obligation, Series B, maturing August 1, 2018 through August 1, 2031, and to pay the cost of the issuance associated with the refunding bonds. The bonds bear interest rates from 2.00 to 4.00 percent.

At June 30, 2020, the principal balance of the 2016 General Obligation Refunding Bonds outstanding was \$7,670,000. As of June 30, 2020, Unamortized premium received on issuance of the bonds amounted to \$504,414.

The maturities are summarized as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	\$ 350,000	\$ 221,700	\$ 571,700
2022	415,000	206,400	621,400
2023	525,000	187,600	712,600
2024	565,000	165,800	730,800
2025	610,000	142,300	752,300
2026-2030	3,545,000	377,350	3,922,350
2031-2032	1,660,000	33,400	1,693,400
Total	<u>\$ 7,670,000</u>	<u>\$ 1,334,550</u>	<u>\$ 9,004,550</u>

Certificates of Participation

In November 2013, the District issued Certificates of Participation in the amount of \$5,810,000 through a facilities lease with the Public Property Financing Corporation of California, a California nonprofit public benefit corporation. The certificate matures through October 1, 2038 yielding a four percent interest rate through 2033 and 4.75 percent through 2038. Proceeds from the issuance were used to purchase the "Districts 2013" project for the capital lease equipment. As of June 30, 2020, \$5,500,000 was outstanding.

The certificate of participation matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ 105,000	\$ 235,488	\$ 340,488
2022	110,000	231,188	341,188
2023	135,000	226,288	361,288
2024	145,000	220,688	365,688
2025	170,000	214,388	384,388
2026-2030	1,135,000	950,437	2,085,437
2031-2035	1,680,000	662,518	2,342,518
2036-2039	2,020,000	201,874	2,221,874
Total	<u>\$ 5,500,000</u>	<u>\$ 2,942,869</u>	<u>\$ 8,442,869</u>

Lease/Purchase Financing

The District has entered into an agreement to lease equipment. This agreement is, in substance, a purchase and is reported as a lease obligation. Effective October 3, 2017, there was an amendment to the lease payment schedule. The District's liability on this lease agreement with the option to purchase is summarized below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ 145,000	\$ 55,185	\$ 200,185
2022	155,000	50,495	205,495
2023	170,000	45,483	215,483
2024	180,000	39,985	219,985
2025	195,000	34,164	229,164
2026-2029	861,390	69,225	930,615
Total	<u>\$ 1,706,390</u>	<u>\$ 294,537</u>	<u>\$ 2,000,927</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$115,958.

Note 10 - Total Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense of \$2,848,271, \$60,590, \$1,223,838 and \$251,328, respectively.

The details of the plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Management of the plan is vested in District management.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	12
Active employees	151
	<hr/>
	163
	<hr/> <hr/>

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirement of the Plan members and the District are established and may be amended by the District, the Bear Valley Education Association (BVEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, BVEA, CSEA, and the unrepresented groups. For fiscal year 2019-2020, the District paid \$137,846 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$2,848,271 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	2.20 percent
Healthcare cost trend rates	4.00 percent

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study as of June 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 3,826,841
Service cost	364,036
Interest	137,898
Differences between expected and actual experience	(1,293,561)
Changes of assumptions	(49,097)
Benefit payments	(137,846)
	<hr/>
Net change in total OPEB liability	(978,570)
	<hr/>
Balance at June 30, 2020	\$ 2,848,271
	<hr/>

Changes of assumptions and other inputs include a change in discount rate from 3.50 percent to 2.20 percent since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	\$ 2,995,877
Current discount rate (2.20%)	2,848,271
1% increase (3.20%)	2,704,829

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 2,586,920
Current healthcare cost trend rate (4.00%)	2,848,271
1% increase (5.00%)	3,152,220

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,179,086
Changes of assumptions	60,590	44,752
Total	<u>\$ 60,590</u>	<u>\$ 1,223,838</u>

The deferred outflows/(inflows) of resources for changes of assumptions and differences between expected and actual experience will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 12 years. The deferred outflows/(inflows) of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (112,760)
2022	(112,760)
2023	(112,760)
2024	(112,760)
2025	(112,760)
Thereafter	<u>(599,448)</u>
	<u><u>\$ (1,163,248)</u></u>

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Stores inventories	48,088	-	-	12,503	60,591
Total nonspendable	58,088	-	-	12,503	70,591
Restricted					
Legally restricted programs	288,165	-	-	-	288,165
Cafeteria program	-	-	-	166,746	166,746
Capital projects	-	5,486,754	-	-	5,486,754
Debt service	-	-	2,409,580	-	2,409,580
Total restricted	288,165	5,486,754	2,409,580	166,746	8,351,245
Committed					
Deferred maintenance program	-	-	-	208,064	208,064
Assigned					
Capital Projects	-	-	-	1,116,473	1,116,473
Unassigned					
Reserve for economic uncertainties	1,204,908	-	-	-	1,204,908
Remaining unassigned	1,370,476	-	-	-	1,370,476
Total unassigned	2,575,384	-	-	-	2,575,384
Total	\$ 2,921,637	\$ 5,486,754	\$ 2,409,580	\$ 1,503,786	\$ 12,321,757

Note 12 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in the California Schools Risk Management (CSRMS) workers' compensation program and purchases property and liability insurance through the JPA. The District participates in Schools' Excess Liability Fund (SELF) public entity risk pool for the purchase of excess liability coverage. Refer to Note 15 for additional information regarding the JPAs.

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

The following is a summary of the insurance policies carried by the District as of June 30, 2020:

Insurance Program Company Name	Type of Coverage	Limits
<u>Workers' Compensation Program</u>		
California School Risk Management	Workers' Compensation Excess	\$ 50,000 Statutory
<u>Property and Liability Program</u>		
California School Risk Management	Property	\$ 75,000
	Excess Property	599,925,000
	Flood	300,000,000
	Machinery	100,000,000
	Crime	2,000,000
	Computer/EDP - Self Insured	25,000
	Liability - Self Insured	750,000
	Liability - Reinsured	4,500,000

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of California State Teachers' Retirement System (CalSTRS) and classified employees are members of California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 19,040,958	\$ 5,828,871	\$ 2,203,501	\$ 2,176,925
CalPERS	8,917,527	1,897,423	492,252	1,362,021
Total	<u>\$ 27,958,485</u>	<u>\$ 7,726,294</u>	<u>\$ 2,695,753</u>	<u>\$ 3,538,946</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$1,937,644.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	\$ 19,040,958
State's proportionate share of net pension liability	<u>10,388,114</u>
Total	<u><u>\$ 29,429,072</u></u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0211 percent and 0.0215 percent, respectively, resulting in a net decrease in the proportionate share of 0.0004 percent.

Bear Valley Unified School District

Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$2,176,925. In addition, the District recognized pension expense and revenue of \$1,547,014 for support provided by the State. June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,937,644	\$ -
Net change in proportionate share of net pension liability	1,434,894	933,486
Differences between projected and actual earnings on the pension plan investments	-	733,463
Differences between expected and actual experience in the measurement of the total pension liability	48,068	536,552
Changes of assumptions	2,408,265	-
	<u>\$ 5,828,871</u>	<u>\$ 2,203,501</u>
Total	<u>\$ 5,828,871</u>	<u>\$ 2,203,501</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (73,983)
2022	(582,283)
2023	(120,890)
2024	43,693
	<u>\$ (733,463)</u>
Total	<u>\$ (733,463)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 668,103
2022	668,104
2023	707,843
2024	744,175
2025	(228,630)
Thereafter	<u>(138,406)</u>
Total	<u>\$ 2,421,189</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Absolute Return/Risk Mitigating Strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 28,353,563
Current discount rate (7.10%)	19,040,958
1% increase (8.10%)	11,319,035

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$825,151.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$8,917,527. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0306 percent and 0.0322 percent, respectively, resulting in a net decrease in the proportionate share of 0.0016 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,362,021. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 825,151	\$ -
Net change in proportionate share of net pension liability	-	409,541
Differences between projected and actual earnings on the pension plan investments	-	82,711
Differences between expected and actual experience in the measurement of the total pension liability	647,770	-
Changes of assumptions	424,502	-
	<u>\$ 1,897,423</u>	<u>\$ 492,252</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 81,646
2022	(163,084)
2023	(24,713)
2024	23,440
Total	<u>\$ (82,711)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 520,575
2022	124,242
2023	16,286
2024	1,628
Total	<u>\$ 662,731</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Infrastructure and Forestland	3%	5.36%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 12,854,029
Current discount rate (7.15%)	8,917,527
1% increase (8.15%)	5,651,927

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,085,072 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019-2020 contribution on behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves in the Schedule of Financial Trends and Analysis.

Note 14 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Note 15 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of Schools' Excess Liability Fund (SELF) and California Schools Risk Management (CSRM) public entity risk pools. The District pays annual premiums for its workers' compensation, property and liability coverage, and excess liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2020, the District made payments totaling \$792,756 to CSRM.

Note 16 - Subsequent Events

On July 1, 2020, the District received \$1,402,826 of Temporary Transfer of Funds (TTFs), to supplement cash flow for the 2020-2021 fiscal year. Amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. Repayment of the TTFs is made from the District's local property tax revenues.

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.



Required Supplementary Information
June 30, 2020

Bear Valley Unified School District

Bear Valley Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 25,034,190	\$ 25,053,241	\$ 25,055,618	\$ 2,377
Federal sources	1,106,418	1,222,116	1,103,650	(118,466)
Other State sources	1,662,255	2,313,390	2,320,989	7,599
Other local sources	868,754	1,711,509	2,586,004	874,495
Total Revenues	28,671,617	30,300,256	31,066,261	766,005
Expenditures				
Current				
Certificated salaries	11,894,692	12,022,601	12,064,593	(41,992)
Classified salaries	4,395,312	4,270,710	4,235,179	35,531
Employee benefits	7,407,534	7,369,925	7,302,471	67,454
Books and supplies	1,214,289	1,182,255	906,468	275,787
Services and operating expenditures	3,344,328	3,264,431	3,043,951	220,480
Debt service - principal	220,000	220,000	135,000	85,000
Debt service - interest	298,838	298,838	59,550	239,288
Other outgo	22,967	39,752	37,632	2,120
Capital outlay	17,858	-	-	-
Total Expenditures	28,815,818	28,668,512	27,784,844	883,668
Excess (Deficiency) of Revenues Over Expenditures	(144,201)	1,631,744	3,281,417	1,649,673
Other Financing Sources (Uses)				
Transfers in	138,508	168,952	-	(168,952)
Transfers out	(218,884)	(1,117,204)	(2,169,066)	(1,051,862)
Net Financing Sources (Uses)	(80,376)	(948,252)	(2,169,066)	(1,220,814)
Net Change in Fund Balance	(224,577)	683,492	1,112,351	428,859
Fund Balance - Beginning	1,809,286	1,809,286	1,809,286	-
Fund Balance - Ending	\$ 1,584,709	\$ 2,492,778	\$ 2,921,637	\$ 428,859

Bear Valley Unified School District
 Schedule of Changes in the District's Total OPEB Liability and Related Ratios
 Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 364,036	\$ 328,286	\$ 332,220
Interest	137,898	123,050	120,169
Difference between expected and actual experience	(1,293,561)	-	-
Changes of assumptions	(49,097)	72,710	-
Benefit payments	(137,846)	(97,558)	(106,166)
Net change in total OPEB liability	(978,570)	426,488	346,223
Total OPEB liability - Beginning	3,826,841	3,400,353	3,054,130
Total OPEB liability - Ending	<u>\$ 2,848,271</u>	<u>\$ 3,826,841</u>	<u>\$ 3,400,353</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

¹ The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Bear Valley Unified School District
Schedule of the District's Proportionate Share of the Net Pensions Liability
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0211%	0.0215%	0.0209%	0.0199%	0.0212%	0.0184%
Proportionate share of the net pension liability	\$ 19,040,958	\$ 19,731,242	\$ 19,295,036	\$ 16,132,824	\$ 14,263,881	\$ 10,728,165
State's proportionate share of the net pension liability	10,388,114	11,297,059	11,414,781	9,184,129	7,544,020	6,478,129
Total	\$ 29,429,072	\$ 31,028,301	\$ 30,709,817	\$ 25,316,953	\$ 21,807,901	\$ 17,206,294
Covered payroll	\$ 9,722,389	\$ 11,465,149	\$ 10,691,208	\$ 10,327,363	\$ 9,622,432	\$ 9,274,933
Proportionate share of the net pension liability as a percentage of its covered payroll	195.85%	172.10%	180.48%	156.21%	148.24%	115.67%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.0306%	0.0322%	0.0326%	0.0338%	0.0352%	0.0354%
Proportionate share of the net pension liability	\$ 8,917,527	\$ 8,588,592	\$ 7,777,506	\$ 6,684,754	\$ 5,193,617	\$ 4,021,993
Covered payroll	\$ 4,206,622	\$ 4,239,830	\$ 4,061,161	\$ 4,113,615	\$ 3,798,564	\$ 3,719,396
Proportionate share of the net pension liability as a percentage of its covered payroll	211.99%	202.57%	191.51%	162.50%	136.73%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Bear Valley Unified School District
Schedule of District Contributions
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	\$ 1,937,644	\$ 1,582,805	\$ 1,654,421	\$ 1,344,954	\$ 1,108,126	\$ 854,472
Contributions in relation to the contractually required contribution	1,937,644	1,582,805	1,654,421	1,344,954	1,108,126	854,472
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,331,251	\$ 9,722,389	\$ 11,465,149	\$ 10,691,208	\$ 10,327,363	\$ 9,622,432
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	\$ 825,151	\$ 759,800	\$ 658,488	\$ 564,014	\$ 487,340	\$ 447,129
Contributions in relation to the contractually required contribution	825,151	759,800	658,488	564,014	487,340	447,129
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,184,124	\$ 4,206,622	\$ 4,239,830	\$ 4,061,161	\$ 4,113,615	\$ 3,798,564
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- Changes in Benefit Terms - There were no changes in benefit terms since the previous valuation.
- Changes of Assumptions - Changes of assumptions include a change in discount rate from 3.50 percent to 2.20 percent since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2020

Bear Valley Unified School District

Bear Valley Unified School District
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 560,595
Title II, Part A, Supporting Effective Instruction	84.367	14341	73,888
Title III, English Learner Student Program	84.365	14346	24,385
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	46,648
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	15,148
Special Education Cluster (IDEA):			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	378,433
Preschool Grants, Part B, Sec 619	84.173	13430	4,553
Subtotal Special Education Cluster (IDEA)			382,986
Total U.S. Department of Education			1,103,650
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	627,647
School Breakfast Program - Especially Needy Breakfast Program	10.553	13526	283,201
National School Lunch Program - Meal Supplements	10.555	13396	9,979
National School Lunch Program - Commodity Supplemental Food	10.555	13396	102,705
Subtotal Child Nutrition Cluster			1,023,532
Total U.S. Department of Agriculture			1,023,532
Total Expenditures of Federal Awards			\$ 2,127,182

ORGANIZATION

The Bear Valley Unified School District was established as a unified district in 1958 and is located in the San Bernardino Mountains in San Bernardino County, California. The District operates four elementary schools, one middle school, one high school, and one continuation high school in Big Bear Valley as well as one elementary school in Forest Falls. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Catherine Herrick	President	2022
Ms. Sudie Smartt	Vice President	2020
Mr. Paul Zamoyta	Clerk	2022
Mr. John Goepp	Member	2020
Dr. Stephen Foulkes	Member	2020

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Dr. Mary Suzuki	Superintendent of Schools
Mrs. Linda Rosado	Executive Director of Business Services/ Classified Personnel
Dr. Lisa Waner	Executive Director of 6-12 Curriculum and Instruction/Certificated Personnel
Ms. Lucinda Newton	Executive Director of TK-5 Curriculum and Instruction/Student Services

Bear Valley Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2020

	Final Report	
	Second Period Report*	Annual Report
Regular ADA		
Transitional kindergarten through third	691.06	691.06
Fourth through sixth	502.66	502.66
Seventh and eighth	348.51	348.51
Ninth through twelfth	668.66	668.66
Total Regular ADA	2,210.89	2,210.89
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.97	1.08
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.24	0.24
Total ADA	2,212.10	2,212.21

*The District amended the Second Period Report on May 4, 2020.

Bear Valley Unified School District

Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	1986-87 Minutes Requirement	2019-20 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	49,600	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		51,200	180	N/A	Complied
Grade 2		51,200	180	N/A	Complied
Grade 3		51,200	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,040	180	N/A	Complied
Grade 5		54,040	180	N/A	Complied
Grade 6		56,790	180	N/A	Complied
Grade 7		56,790	180	N/A	Complied
Grade 8		56,790	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,871	180	N/A	Complied
Grade 10		65,871	180	N/A	Complied
Grade 11		65,871	180	N/A	Complied
Grade 12		65,871	180	N/A	Complied

Bear Valley Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

Bear Valley Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2020

	(Budget) 2021 ¹	2020	2019	2018
General Fund ²				
Revenues	\$ 26,371,504	\$ 30,702,291	\$ 30,465,738	\$ 28,743,632
Other sources and transfers in	168,952	-	-	78,000
Total revenues and other sources	26,540,456	30,702,291	30,465,738	28,821,632
Expenditures	27,090,041	27,420,874	27,878,061	27,541,320
Other uses and transfers out	174,911	2,169,066	1,999,527	1,794,199
Total expenditures and other uses	27,264,952	29,589,940	29,877,588	29,335,519
Increase/(Decrease) in Fund Balance	\$ (724,496)	\$ 1,112,351	\$ 588,150	\$ (513,887)
Ending Fund Balance	\$ 2,197,141	\$ 2,921,637	\$ 1,809,286	\$ 1,221,136
Available Reserves ³	\$ 2,015,671	\$ 2,575,384	\$ 1,272,054	\$ 1,028,786
Available Reserves as A Percentage of Total Outgo	7.39%	8.70%	4.26%	3.51%
Long-Term Liabilities	N/A	\$ 49,351,959	\$ 52,610,048	\$ 52,745,237
Average Daily Attendance at P-2	2,212	2,212	2,285	2,332

The General Fund balance has increased by \$1,700,501 over the past two years. The fiscal year 2020-2021 budget projects a decrease of \$724,496 (24.8 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years but anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have decreased by \$3,393,278 over the past two years.

Average daily attendance has decreased by 120 over the past two years. No additional growth is anticipated during fiscal year 2020-2021.

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

² On behalf payments of \$363,970 and \$1,049,610 relating to Senate Bill 90 are not included in actual revenues and expenditures and have not been included in the budgeted amounts for the years ending June 30, 2020 and 2019, respectively.

³ Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Bear Valley Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2020

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 130,175	\$ 142,237	\$ 1,112,609	\$ 1,385,021
Receivables	190,448	590	3,864	194,902
Due from other funds	68,191	73,728	-	141,919
Stores inventories	12,503	-	-	12,503
Total assets	\$ 401,317	\$ 216,555	\$ 1,116,473	\$ 1,734,345
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 22,479	\$ 8,491	\$ -	\$ 30,970
Due to other funds	139,433	-	-	139,433
Unearned revenue	60,156	-	-	60,156
Total liabilities	222,068	8,491	-	230,559
Fund Balances				
Nonspendable	12,503	-	-	12,503
Restricted	166,746	-	-	166,746
Committed	-	208,064	-	208,064
Assigned	-	-	1,116,473	1,116,473
Total fund balances	179,249	208,064	1,116,473	1,503,786
Total liabilities and fund balances	\$ 401,317	\$ 216,555	\$ 1,116,473	\$ 1,734,345

Bear Valley Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
June 30, 2020

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Total Non-Major Governmental Funds
Revenues					
Revenue limit sources	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Federal sources	1,023,532	-	-	-	1,023,532
Other State sources	75,365	-	-	-	75,365
Other local sources	102,774	2,369	13,196	-	118,339
Total revenues	1,201,671	102,369	13,196	-	1,317,236
Expenditures					
Current					
Food services	1,201,888	-	-	-	1,201,888
General administration					
All other general administration	58,950	-	-	-	58,950
Plant services	-	24,463	-	-	24,463
Facility acquisition and construction	4	-	52,792	-	52,796
Debt service					
Principal	-	-	-	85,000	85,000
Interest and other	-	-	-	239,288	239,288
Total expenditures	1,260,842	24,463	52,792	324,288	1,662,385
Excess (Deficiency) of					
Revenues Over Expenditures	(59,171)	77,906	(39,596)	(324,288)	(345,149)
Other Financing Sources					
Transfers in	56,425	-	218,884	324,288	599,597
Net Change in Fund Balances	(2,746)	77,906	179,288	-	254,448
Fund Balances - Beginning	181,995	130,158	937,185	-	1,249,338
Fund Balances - Ending	\$ 179,249	\$ 208,064	\$ 1,116,473	\$ -	\$ 1,503,786

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Bear Valley Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Bear Valley Unified School District, it is not intended to and does not present the financial position, or changes in net position of the Bear Valley Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had spent food commodities totaling \$102,705.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met 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 *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 53 days due to the pandemic. As a result, the District received credit for these 53 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2020

Bear Valley Unified School District



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

Governing Board
Bear Valley Unified School District
Big Bear Lake, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bear Valley Unified School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 12, 2020



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Governing Board
Bear Valley Unified School District
Big Bear Lake, California

Report on Compliance for the Major Federal Program

We have audited Bear Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Rancho Cucamonga, California
December 12, 2020



Independent Auditor's Report on State Compliance

Governing Board
Bear Valley Unified School District
Big Bear Lake, California

Report on State Compliance

We have audited Bear Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

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

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer a After/Before School Education and Safety Program; therefore, we did not perform any procedures related to the After/Before School Education and Safety Program.

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

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

Unmodified Opinion

In our opinion, Bear Valley Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 12, 2020

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

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