

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2021

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021  
(Continued)

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DAVIS JOINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Davis Joint Unified School District  
Davis, California

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

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(Continued)

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$205,901. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 15 and the General Fund Budgetary Comparison Schedule, the Charter Schools Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 60 to 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Davis Joint Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 on our consideration of Davis Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davis Joint Unified School District's internal control over financial reporting and compliance.

*Crowe LLP*

Crowe LLP

Sacramento, California  
February 25, 2022

## Management's Discussion and Analysis

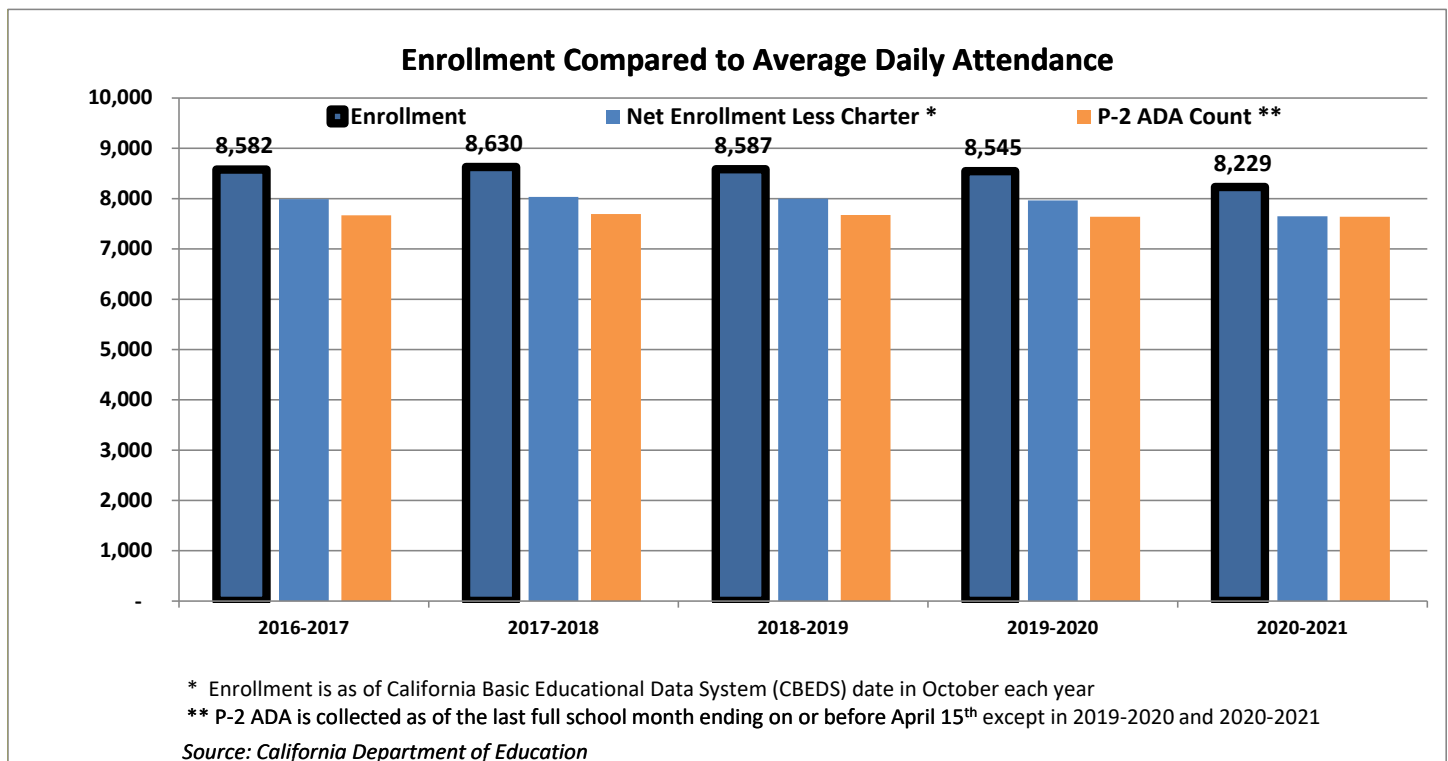
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information is required to be presented in this document.

### District Overview

Davis Joint Unified School District (the "District") is located in Solano and Yolo Counties. The District provides educational services to the residents in and around Davis, California. The District operates under the jurisdiction of the Yolo County Superintendent of Schools. Over 24% of enrolled students are English Learners, foster youth, or eligible for free or reduced-price meals.

For fiscal year 2020-2021, the District operated three elementary schools (grades TK-6), five elementary schools (grades K-6), one elementary school (grades K-3), three junior high schools (grades 7-9), one comprehensive high school (grades 10-12), one dependent charter school (grades 7-12), one continuation high school, one independent study program, one adult school, one preschool program, and a teacher credentialing program. As of June 30, 2021, the District employed 615 certificated employees and 568 classified employees.

For the 2020-2021 school year, the District's October enrollment for grades TK-12 was 8,229, a decrease from 2019-2020 of 316 students. The graph below shows the District's enrollment trend, including charter school enrollment. Since 2017-2018, District enrollment steadily declined year over year, while average daily attendance (ADA) remained constant at nearly 96% of enrollment until 2020-2021, when ADA was not collected during distance learning. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. In 2020-2021, all school districts were held harmless to pandemic ADA impacts and funded on 2019-2020 pre-pandemic ADA.



## **Governance**

The District is governed by a Board of Education consisting of five community members and two student representatives. Community members are elected to staggered four-year terms every two years. Students serve for a single school year. Beginning with the November 2020 election, Board member elections for new four-year terms are no longer held district-wide but instead are held among voters who reside in each of five Trustee areas.

## **District Mission and Board Goals**

The mission of the District, a leading center of educational innovation, is to ignite a love of learning and equip each student with the knowledge, skills, character, and well-being to thrive and contribute to an evolving and increasingly connected world, through a system characterized by:

- Optimal conditions and environments for all students to learn
- A team of talented, resourceful, and caring staff
- Transforming teaching, learning, and operations in our continuing pursuit of excellence
- Resourceful, transparent, and responsible fiscal planning, and
- A diverse and inclusive culture

This mission statement is the basis and guiding principles of the District.

### **Board Goals:**

- **Develop 21<sup>st</sup> Century Teaching and Learning Environments:** Creating safe and inclusive educational environments and practices designed to foster robust academic programs that engender the District Graduate Profile competencies in all students.
- **Close Achievement and Opportunity Gaps:** Employing an equity lens to ensure that current and future needs of those furthest from success and opportunity are always included in our decision-making and daily efforts.
- **Build Skills to Promote Social/Emotional Health:** Recognizing and developing social and emotional skills in students to increase academic success, improved behaviors and relationships, deeper connections to school, and happiness in adulthood.
- **Offer Excellent Programs for All Students:** Understanding student needs and preferences and evaluating current and future offerings to create optimal opportunities for all students to engage and thrive.
- **Achieve Fiscal Sustainability:** Achieving the Goals of the District in a financially responsible, transparent and sustainable manner, while increasing fiscal literacy throughout the community.

## **Graduate Profile**

Each year, an average of 700 students graduates from District high schools. The District's Graduate Profile defines 21<sup>st</sup> Century Learning by specifying the six outcomes that the District's community believes are important for student success in college, career, and beyond: critical thinking and problem solving; creativity and innovation; civic and cultural awareness; adaptability and resilience; collaboration; and communication.



## **Overview of the Financial Statements**

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information.

The remainder of the MD&A highlights the structure and contents of each of the statements.

The financial statements include two kinds of statements that present different views of the District: district-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detail.

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, operations, and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- Business-type activities – The District does not currently have any business-type activities.

These financial statements start on page 16.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 18.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

## **District-wide Financial Condition**

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or declining.

Fiscal year 2002-2003 was the first year the District accounted for the value of capital assets and included these values as part of the financial statements. Capital assets include land, buildings, site improvements, equipment, and work in progress. We display the book value of all district assets including buildings and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values because the District acquired the land over five decades ago. School buildings are valued at their historical construction cost less depreciation.

## District-wide Financial Condition (Continued)

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2021	June 30, 2020	Variance	% Difference
Capital Assets	\$106,883,233	\$91,318,137	\$15,565,096	17%
Other Assets	\$185,517,555	\$195,577,521	(\$10,059,966)	-5%
Total Assets	\$292,400,788	\$286,895,658	\$5,505,130	2%
Deferred Outflows of Resources	\$32,449,307	\$35,235,825	(\$2,786,518)	-8%
Current and Other Liabilities	\$13,022,739	\$8,814,160	\$4,208,579	48%
Long-Term Liabilities	\$339,114,020	\$342,793,872	(\$3,679,852)	-1%
Total Liabilities	\$352,136,759	\$351,608,032	\$528,727	0%
Deferred Inflows of Resources	\$10,438,604	\$13,311,741	(\$2,873,137)	-22%
Net Investment in Capital Assets (net of related debt)	\$38,401,121	\$32,136,927	\$6,264,194	19%
Restricted Net Position	\$35,488,456	\$33,012,097	\$2,476,359	8%
Unrestricted Net Position	(\$111,614,845)	(\$107,937,314)	(\$3,677,531)	-3%
Total Net Position	(\$37,725,268)	(\$42,788,290)	\$5,063,022	12%

At the end of fiscal year 2020-2021, the District had a total value of \$213,514,897 in capital assets. Total accumulated depreciation amounted to \$106,631,664. Net capital assets totaled \$106,883,233, an increase of \$15,565,096 from the prior year. This is a result of more capital projects being initiated using Measure M General Obligation Bond proceeds.

Other assets include cash, investments, receivables, and stores inventory. A net decrease in other assets of \$10,059,966 is mostly a result of decreased Building Fund cash, as more projects were paid for as compared with the prior year, offset by increased General Fund receivables of apportionment deferrals and one-time COVID-19 resources. The Building Fund cash accounts are used to fund the District's capital asset improvements (i.e., Measure M General Obligations Bonds).

Current and other liabilities include accounts payable and unearned revenue, which increased \$4,208,579 from the prior year because of timing of health benefit premium payments and increased supply and service expenditures in response to the COVID-19 pandemic.

The District ended the year with a total of \$352,136,759 in outstanding obligations. The increase in total liabilities of \$528,727 is nominal, mainly from the increase of current liabilities offset by the repayment of long-term general obligation bonds and certificates of participation.

## District-wide Financial Condition (Continued)

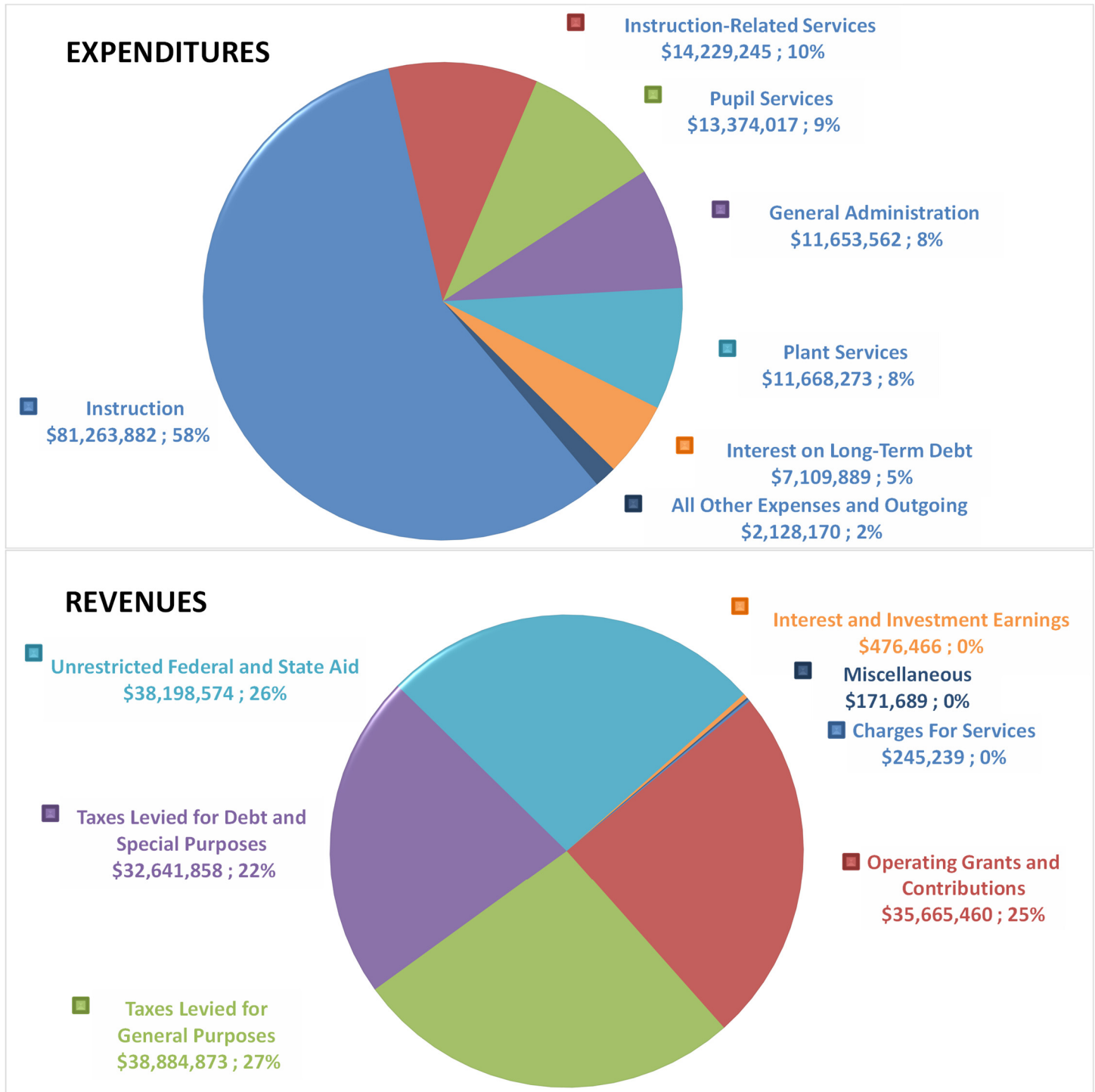
The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

	June 30, 2021	June 30, 2020	Variance	% Difference
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$81,263,882	\$72,713,623	\$8,550,259	12%
Instruction-Related Services	\$14,229,245	\$13,313,907	\$915,338	7%
Pupil Services	\$13,374,017	\$13,349,327	\$24,690	0%
General Administration	\$11,653,562	\$11,014,124	\$639,438	6%
Plant Services	\$11,668,273	\$12,649,870	(\$981,597)	-8%
Interest on Long-Term Debt	\$7,109,889	\$2,900,387	\$4,209,502	145%
All Other Expenses and Outgo	\$2,128,170	\$4,446,421	(\$2,318,251)	-52%
Total Governmental Activity Expenses	\$141,427,038	\$130,387,659	\$11,039,379	8%
<b>Revenues</b>				
Charges for Services	\$245,239	\$1,148,982	(\$903,743)	-79%
Operating Grants and Contributions	\$35,665,460	\$20,580,902	\$15,084,558	73%
Capital Grants and Contributions	\$0	\$0	\$0	0%
Taxes Levied for General Purposes	\$38,884,873	\$37,046,736	\$1,838,137	5%
Taxes Levied for Debt and Special Purposes	\$32,641,858	\$28,271,443	\$4,370,415	15%
Unrestricted Federal and State Aid	\$38,198,574	\$40,755,173	(\$2,556,599)	-6%
Interest and Investment Earnings	\$476,466	\$2,152,518	(\$1,676,052)	-78%
Miscellaneous	\$171,689	\$531,252	(\$359,563)	-68%
Total Revenues	\$146,284,159	\$130,487,006	\$15,797,153	12%
<b>Change in Net Position</b>	\$4,857,121	\$99,347	\$4,757,774	4789%

The District overall experienced a \$4,857,121 increase in net position. This was an increase of \$4,757,774 from the prior year's change in net position. Total revenues increased 12%, or \$15,797,153, as compared to 2019-2020, while total expenditures increased by 8%, or \$11,039,379.

## District-wide Financial Condition (Continued)

This year's increases in Instruction spending can be attributed to increases in restricted Federal, State and Local resources' expenditures in response to the COVID-19 pandemic. Increases in Interest on Long-Term Debt expenditures were a result of repayment of long-term debt obligations. The charts below show the percentage share of expenditures by function and revenues by source as shown in the Statement of Activities.



## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for specific purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund, the Self-Insurance Fund.
- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of change in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2021:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$103,112,926	\$118,710,296	\$116,929,150
Total Expenditures	\$103,240,831	\$113,710,680	\$111,549,607
Total Other Financing Sources/(Uses)	(\$513,520)	(\$1,248,534)	(\$227,862)

The net revenue increase between Adopted and Year End Budget was \$15,597,370, due to current year budgets for categorical funds, which are budgeted as grant award documents are received, including one-time COVID-19 resources. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year.

The net increase to the total expenditure budget between Adopted and Year End Budget was \$10,469,849, due to revisions to set up expenditures related to the one-time funds described above and the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

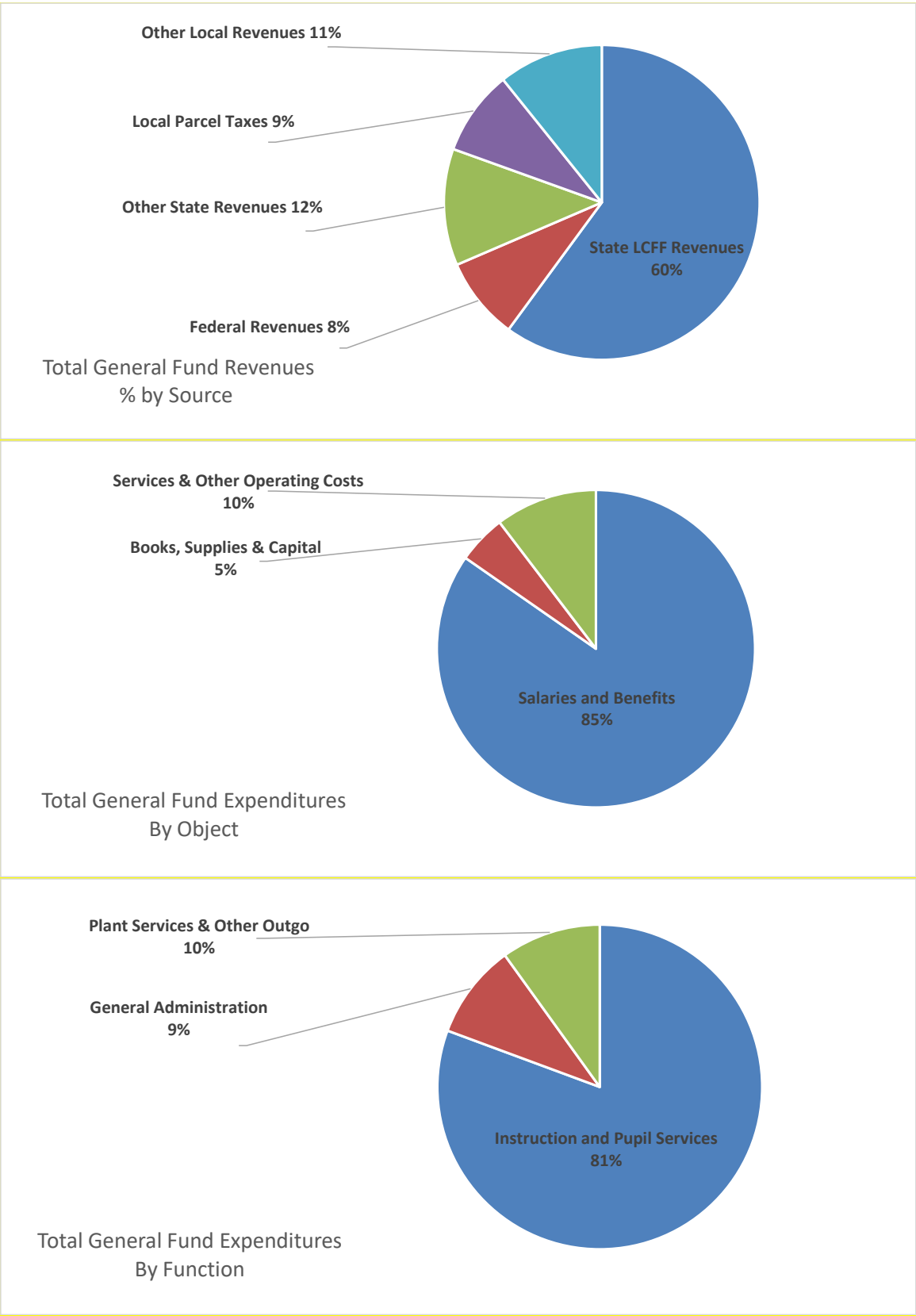
Actual revenues were \$1,781,146, or 1.5%, less than the Year End Budget, due to the timing of revenue recognition. Actual expenditures were \$2,161,073, or 2%, below Year End Budget, due to unspent categorical revenue and one-time COVID-19 resources.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2021:

Total Revenues	\$116,929,150
Total Expenditures	\$111,549,607
Total Other Financing Sources/ (Uses)	(\$227,862)
Net Change	\$5,151,681

The charts on the following page further detail the percentage distribution of General Fund revenue sources and expenditure types for 2020-2021.

General Fund Financial and Budgetary Highlights (Continued)



## District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State requires districts of our size to retain an amount equal to 3% of our budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budgeted. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These "restricted" resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue.

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board did not take any action in 2020-2021 to commit funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

The chart below represents the District's financial analysis of its Governmental and Proprietary Funds:

Ending Fund Balances	June 30, 2021	June 30, 2020	Variance
Fund 01 General	\$14,886,474	\$9,734,793	\$5,151,681
Fund 08 Student Activity Special Revenue	\$168,772	\$0	\$168,772
Fund 09 Charter Schools	\$1,372,300	\$895,380	\$476,920
Fund 11 Adult Education	\$256,173	\$275,529	(\$19,356)
Fund 12 Child Development	\$37,100	\$57,548	(\$20,448)
Fund 13 Cafeteria	\$34,845	\$59,917	(\$25,072)
Fund 21 Building	\$129,052,187	\$149,017,239	(\$19,965,052)
Fund 25 Capital Facilities	\$3,072,901	\$2,043,888	\$1,029,013
Fund 40 Special Reserve	\$2,199,864	\$1,099,865	\$1,099,999
Fund 49 Capital Project for Blended Component Units	\$1,499,660	\$1,491,960	\$7,700
Fund 51 Bond Interest and Redemption	\$9,530,494	\$10,725,415	(\$1,194,921)
Fund 52 Debt Service for Blended Component Units	\$12,874,253	\$12,530,180	\$344,073
Fund 67 Self Insurance	\$247,830	\$277,864	(\$30,034)



## Capital Projects

In 2018, voters approved Measure M, a \$150 million general obligation bond measure. In 2019-2020, the District issued the remaining \$100 million in bond authorization at a savings to taxpayers. The District continues facility improvements, modernization and construction projects that enhance the learning environment. The proceeds are intended to:

- Improve campus safety and security at all schools
- Modernize science, technology, engineering, arts and math classrooms and labs
- Update classrooms, science labs, innovation labs, athletic and other school facilities to meet current academic and safety standards
- Keep schools clean, well-maintained and in good condition
- Replace aging plumbing and electrical systems
- Improve school access for students and staff with disabilities and inclusiveness for all students

On March 19, 2020, the Board of Education reprioritized the Bond Program projects as Signature Projects to be completed from Measure M funding prior to 2025. Signature Projects include:

- Emerson/Da Vinci Junior High School Science Classrooms
- Birch Lane, César Chávez, North Davis, and Willett Elementary Multipurpose Rooms
- Early Learning Center at the Korematsu Campus
- DaVinci High School Tech Hub
- Davis High School STEM Building
- Davis High School Aquatic Center

All other Bond Program projects were prioritized beyond 2025. As of June 30, 2021, the District spent \$23,929,010 to date of Measure M funds on these projects.

## District Indebtedness

As of June 30, 2021, the District incurred \$339,114,020 in long-term liabilities. Of this amount, \$156,195,000 are General Obligation Bonds backed by property tax increases voted on by District residents in 2000 and 2018 (reported in the Bond Interest and Redemption Fund), and \$21,491,643 are Certificates of Participation, backed by community facility funds (reported in the Capital Project for Blended Component Units Fund).

Over 40% of the long-term debt is related to the investment in employees' post-retirement. The District offers post-retirement health benefits (OPEB) to eligible retirees until age 65. The recognized total OPEB liability increased by \$1,695,607 to \$22,570,106, while the net pension liability for State Teacher's and Public Employer's Retirement Funds increased by \$5,087,000 to \$115,866,000.

## COVID-19 Pandemic

On March 13, 2020, California Governor Gavin Newsom issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California because of the threat of the COVID-19 virus and ensuring California public school districts retain State funding even in the event of physical closure. The order directed school districts to use those State dollars to fund distance learning and high-quality educational opportunities, provide school meals, continue to pay employees, and arrange for the supervision for students during school hours as practicable.

## **COVID-19 Pandemic (Continued)**

Also on March 13, 2020, the District announced the closure of all schools from March 16, 2020, through at least April 13, 2020, due to the COVID-19 pandemic. On April 2, 2020, the District announced that its campuses would remain closed through the end of the 2019-2020 academic year, with distance learning to educate the District's students officially beginning April 13, 2020.

On June 29, 2020, the Governor signed Senate Bill 98, amending apportionment rules for the 2020-2021 school year to base school district funding on the prior 2019-2020 school year average daily attendance (ADA). The District opened the 2020-2021 school year in a Distance Learning environment, consistent with State mandates and County health orders, and returned to in-person instruction on April 12, 2021.

The District cannot predict the pandemic's extent or duration or what impact the pandemic, as well as responses by federal, State, or local authorities, may have on the District's financial condition or on the assessed value of real property in the District. The District did realize one-time savings in certain operational costs along with short-term funding relief to school districts, but short-term and long-term impacts are still unknown. The District, the Board of Education, and the respective authorities are continually evaluating the pandemic's impact on students, families, staff, and the entire District community.

## **Financial Outlook**

Issues facing the District in the years ahead include continued declining enrollment and a structural spending deficit from decreasing State apportionment revenues and increasing operating expenditures such as mandated pension contributions. The development of future budgets will be influenced by external variables such as enrollment changes, the State Budget, and the COVID-19 pandemic.

The District's 2021-2022 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and subsequent two years, but the assumptions do not include potential negotiated increases or reducing the structural spending deficit. The District continues to evaluate all opportunities for an improved future financial outlook, in light of anticipated declining enrollment.

## **Contacting the District's Financial Management**

If you have any questions regarding this report or need additional financial information, please contact Amari Watkins, Associate Superintendent of Business Services, at (530) 757-5300 ext. 122, or email [business@djusd.net](mailto:business@djusd.net).

## **BASIC FINANCIAL STATEMENTS**

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 166,082,483
Receivables	19,370,527
Stores inventory	34,545
Prepaid expenditures	30,000
Non-depreciable capital assets (Note 4)	32,716,873
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>74,166,360</u>
Total assets	<u>292,400,788</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions (Notes 7 and 8)	26,814,011
Deferred outflows of resources - OPEB (Notes 9)	4,929,227
Deferred loss from refunding of debt	<u>706,069</u>
Total deferred outflows of resources	<u>32,449,307</u>
<b>LIABILITIES</b>	
Accounts payable	12,775,221
Unearned revenue	247,518
Long-term liabilities (Note 5):	
Due within one year	12,648,633
Due after one year	<u>326,465,387</u>
Total liabilities	<u>352,136,759</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 7 and 8)	7,375,000
Deferred inflows of resources - OPEB (Notes 9)	<u>3,063,604</u>
Total deferred inflows of resources	<u>10,438,604</u>
<b>NET POSITION</b>	
Net investment in capital assets	38,401,121
Restricted:	
Legally restricted programs	8,511,148
Capital projects	4,572,561
Debt service	22,404,747
Unrestricted	<u>(111,614,845)</u>
Total net position	<u>\$ (37,725,268)</u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 81,263,882	\$ 51,017	\$ 25,633,462	\$ -	\$ (55,579,403)
Instruction-related services:					
Supervision of Instruction	3,618,161	165	1,538,250	-	(2,079,746)
Instructional library, media and technology	2,509,692	41	420,075	-	(2,089,576)
School site administration	8,101,392	566	1,341,262	-	(6,759,564)
Pupil services:					
Home-to-school transportation	350,097	6	74,392	-	(275,699)
Food services	2,428,432	1,056	1,195,601	-	(1,231,775)
All other pupil services	10,595,488	771	2,134,079	-	(8,460,638)
General administration:					
Data processing	2,183,051	-	77,714	-	(2,105,337)
All other general administration	9,470,511	5,313	1,945,985	-	(7,519,213)
Plant services	11,668,273	2,821	719,880	-	(10,945,572)
Ancillary services	1,292,006	180,653	132,726	-	(978,627)
Community services	120,038	-	-	-	(120,038)
Interest on long-term liabilities	7,109,889	-	-	-	(7,109,889)
Other outgo	716,126	2,830	452,034	-	(261,262)
Total governmental activities	\$ 141,427,038	\$ 245,239	\$ 35,665,460	\$ -	(105,516,339)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					38,884,873
Taxes levied for debt service					17,515,630
Taxes levied for other specific purposes					15,126,228
Federal and state aid not restricted to specific purposes					38,198,574
Interest and investment earnings					476,466
Miscellaneous					171,689
Total general revenues					110,373,460
Change in net position					4,857,121
Net position, July 1, 2020					(42,788,290)
Cumulative effect of GASB 84 implementation					205,901
Net Position, July 1, 2020, as restated					(42,582,389)
Net position, June 30, 2021					\$ (37,725,268)

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Charter Schools Fund	Building Fund	Debt Service Fund	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments:						
Cash in County Treasury	\$ 5,763,814	\$ 2,101,316	\$ 129,080,003	\$ 14,773,617	\$ 13,868,481	\$ 165,587,231
Cash on hand and in banks	-	3,919	-	-	170,653	174,572
Cash awaiting deposit	-	-	-	-	400	400
Cash in revolving fund	50,000	-	-	-	-	50,000
Cash with Fiscal Agent	-	-	-	636	-	636
Investments	12,683	-	-	-	-	12,683
Receivables	18,042,683	726,020	-	-	601,674	19,370,377
Due from other funds	1,999,240	525,001	-	-	5,360,613	7,884,854
Stores inventory	-	-	-	-	34,545	34,545
Prepaid expenditures	30,000	-	-	-	-	30,000
Total assets	<u>\$ 25,898,420</u>	<u>\$ 3,356,256</u>	<u>\$ 129,080,003</u>	<u>\$ 14,774,253</u>	<u>\$ 20,036,366</u>	<u>\$ 193,145,298</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 9,184,864	\$ 98,354	\$ 22,273	\$ -	\$ 729,289	\$ 10,034,780
Due to other funds	1,618,758	1,854,901	5,543	1,900,000	2,498,775	7,877,977
Unearned revenue	208,324	30,701	-	-	8,493	247,518
Total liabilities	<u>11,011,946</u>	<u>1,983,956</u>	<u>27,816</u>	<u>1,900,000</u>	<u>3,236,557</u>	<u>18,160,275</u>
Fund balances:						
Nonspendable	80,000	-	-	-	34,545	114,545
Restricted	6,394,128	1,372,300	129,052,187	12,874,253	16,765,264	166,458,132
Assigned	5,035,945	-	-	-	-	5,035,945
Unassigned	3,376,401	-	-	-	-	3,376,401
Total fund balances	<u>14,886,474</u>	<u>1,372,300</u>	<u>129,052,187</u>	<u>12,874,253</u>	<u>16,799,809</u>	<u>174,985,023</u>
Total liabilities and fund balances	<u>\$ 25,898,420</u>	<u>\$ 3,356,256</u>	<u>\$ 129,080,003</u>	<u>\$ 14,774,253</u>	<u>\$ 20,036,366</u>	<u>\$ 193,145,298</u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021

Total fund balances - Governmental Funds	\$ 174,985,023
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$213,514,897 and the accumulated depreciation is \$106,631,664 (Note 4).	106,883,233
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2021 consisted of (Note 5):	
Special Tax Bonds	\$ (12,390,000)
General Obligation Bonds	(156,195,000)
Unamortized premiums	(7,106,858)
Certificates of Participation	(21,491,643)
Premium on issuance of Certificates of Participation	(664,891)
Accreted interest	(1,037,518)
Capital lease obligations	(391,976)
PG&E Energy loan	(569,127)
Other postemployment benefits (Note 9)	(22,570,106)
Net pension liability (Notes 7 and 8)	(115,866,000)
Compensated absences	(830,901)
	(339,114,020)
Losses on refunding of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	706,069
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement or net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).	
Deferred outflows of resources relating to pensions	\$ 26,814,011
Deferred outflows of resources relating to OPEB	4,929,227
Deferred inflows of resources relating to pensions	(7,375,000)
Deferred inflows of resources relating to OPEB	(3,063,604)
	21,304,634
Unmatured interest on long-term liabilities is recognized in the period incurred.	(2,738,037)
Internal service funds are included in the government-wide financial statements.	247,830
Total net position - governmental activities	<u>\$ (37,725,268)</u>

See accompanying notes to financial statements.

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

	General <u>Fund</u>	Charter Schools <u>Fund</u>	Building <u>Fund</u>	Debt Service <u>Fund</u>	All Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	\$ 33,747,008	\$ 2,803,023	\$ -	\$ -	\$ -	\$ 36,550,031
Local sources	<u>36,546,030</u>	<u>2,338,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,884,873</u>
Total LCFF	<u>70,293,038</u>	<u>5,141,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,434,904</u>
Federal sources	9,901,195	212,290	-	-	1,032,565	11,146,050
Other state sources	14,032,904	733,550	-	-	783,185	15,549,639
Other local sources	<u>22,702,013</u>	<u>75,223</u>	<u>831,009</u>	<u>10,118,687</u>	<u>9,705,617</u>	<u>43,432,549</u>
Total revenues	<u>116,929,150</u>	<u>6,162,929</u>	<u>831,009</u>	<u>10,118,687</u>	<u>11,521,367</u>	<u>145,563,142</u>
Expenditures:						
Current:						
Certificated salaries	49,082,211	2,216,436	-	-	443,398	51,742,045
Classified salaries	21,444,476	387,935	260,844	-	1,564,401	23,657,656
Employee benefits	23,589,537	883,748	95,900	-	728,507	25,297,692
Books and supplies	4,837,633	340,891	73,720	-	733,741	5,985,985
Contract services and operating expenditures	10,957,783	1,680,824	1,427,894	-	479,343	14,545,844
Other outgo	716,126	-	-	-	-	716,126
Capital outlay	663,164	-	18,937,703	-	849,433	20,450,300
Debt service:						
Principal retirement	247,008	-	-	6,136,944	4,197,764	10,581,716
Interest	<u>11,669</u>	<u>-</u>	<u>-</u>	<u>1,737,670</u>	<u>4,647,569</u>	<u>6,396,908</u>
Total expenditures	<u>111,549,607</u>	<u>5,509,834</u>	<u>20,796,061</u>	<u>7,874,614</u>	<u>13,644,156</u>	<u>159,374,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,379,543</u>	<u>653,095</u>	<u>(19,965,052)</u>	<u>2,244,073</u>	<u>(2,122,789)</u>	<u>(13,811,130)</u>
Other financing sources (uses):						
Transfers in	541,742	128,099	-	-	4,300,043	4,969,884
Transfers out	(1,428,142)	(304,274)	-	(1,900,000)	(1,337,468)	(4,969,884)
Proceeds from loan	<u>658,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,538</u>
Total other financing sources (uses)	<u>(227,862)</u>	<u>(176,175)</u>	<u>-</u>	<u>(1,900,000)</u>	<u>2,962,575</u>	<u>658,538</u>
Net change in fund balances	5,151,681	476,920	(19,965,052)	344,073	839,786	(13,152,592)
Fund balances, July 1, 2020	<u>9,734,793</u>	<u>895,380</u>	<u>149,017,239</u>	<u>12,530,180</u>	<u>15,754,122</u>	<u>187,931,714</u>
Cumulative effect of GASB 84 implementation	-	-	-	-	205,901	205,901
Fund balance, July 1, 2020, as restated	<u>9,734,793</u>	<u>895,380</u>	<u>149,017,239</u>	<u>12,530,180</u>	<u>15,960,023</u>	<u>188,137,615</u>
Fund balances, June 30, 2021	<u>\$ 14,886,474</u>	<u>\$ 1,372,300</u>	<u>\$ 129,052,187</u>	<u>\$ 12,874,253</u>	<u>\$ 16,799,809</u>	<u>\$ 174,985,023</u>

See accompanying notes to financial statements.



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION FO THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

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Net change in fund balances - Total Governmental Funds	\$ (13,152,592)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	21,684,300
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(6,119,204)
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net position, proceeds from debt are reported as increases to liabilities. (Note 5).	(658,538)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	10,581,716
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	404,495
In governmental funds, debt issued at a premium is as an other financing source. In the government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 5).	286,928
Losses on refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt.	(115,083)
Interest on long-term liabilities is recognized in the period it is incurred. In governmental funds, it is only recognized when it is due.	(1,291,820)
In governmental funds, other postemployment benefits are recognized when employers contributions are made. In the government-wide statements, other postemployment benefits are recognized on the accrual basis (Note 9).	(1,753,911)

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION FO THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

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In the statement of activities, expenses related to absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	\$ (152,142)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of basis.	
This year, the difference between accrual-basis pension costs and actual employer contributions was:	(4,826,994)
Activities of the internal service fund are reported with governmental activities.	<u>(30,034)</u>
Change in net position of governmental activities	<u>\$ 4,857,121</u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES  
June 30, 2021

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**ASSETS**

Current assets:

Cash in County Treasury (Note 2)	\$ 256,961
Receivables	<u>150</u>
Total current assets	<u>257,111</u>

**LIABILITIES**

Account payables	2,404
Due to other funds	<u>6,877</u>
Total current liabilities	<u>9,281</u>

**NET POSITION**

Net position - unrestricted	<u><u>\$ 247,830</u></u>
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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES  
For the Year Ended June 30, 2021

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Operating revenue	
In-District premiums	\$       5,548
Operating expenses:	
Books and Supplies	24,987
Contract services and operating expenses	<u>10,595</u>
Total operating expense	<u>35,582</u>
Operating loss	<u>(30,034)</u>
Change in net position	(30,034)
Net position July 1, 2020	<u>277,864</u>
Net position, June 30, 2021	<u><u>\$     247,830</u></u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES  
For the Year Ended June 30, 2021

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Cash flows from operating activities:	
Cash received from premiums	\$ 23,772
Cash paid for supplies and operating expenses	<u>(26,301)</u>
Net cash used in operating activities	<u>(2,529)</u>
Decrease in cash and investments	(2,529)
Cash in County Treasury, July 1, 2020	<u>259,490</u>
Cash in County Treasury, June 30, 2021	<u><u>\$ 256,961</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (30,034)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in receivables	1,246
Decrease in due from other funds	16,978
Increase in account payables	2,404
Increase in due to other funds	<u>6,877</u>
Net cash used in operating activities	<u><u>\$ (2,529)</u></u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST FUND  
June 30, 2021

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	Foundation <u>Trust</u>
<b>ASSETS</b>	
Cash and Investments (Note 2):	
Cash in County Treasury	\$   107,531
Total assets	<u>\$   107,531</u>
<b>NET POSITION</b>	
Restricted for scholarships	<u>\$   107,531</u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
TRUST FUND  
For the Year Ended June 30, 2021

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	Foundation <u>Trust</u>
Additions:	
Local sources	\$ 43,762
Deductions:	
Contract services and operating expenditures	<u>25,515</u>
Change in net position	18,247
Net Position, July 1, 2020	<u>89,284</u>
Net Position, June 30, 2021	<u>\$ 107,531</u>

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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The District and Davis Schools Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a blended component unit of the District. The financial activity of the Corporation has been included in the basic financial statements of the District as the Debt Service Fund.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB Codification Section 2100 criteria:

**A - Manifestations of Oversight**

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent functions as an agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

**B - Accountability for Fiscal Matters**

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

**C - Scope of Public Service**

1. The Corporation was created for the sole purpose of financially assisting the District.

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

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(Continued)



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Custodial funds are not included in the government-wide financial statements.

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

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

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

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

**A - Major Funds**

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

*Charter Schools Fund:* The Charter Schools Fund is a special revenue fund used to account for the resources of charter school operations.

*Building Fund:* The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities and equipment.

*Debt Service Fund:* The Debt Service Fund is used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B - Other Funds**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Student Activity, Adult Education, Child Development, and Cafeteria Funds.

The Capital Project Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. This includes the Capital Facilities, Capital Project Fund for Blended Component Units and Special Reserve Funds.

The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs.

The Self-Insurance Fund is an internal service fund which is used to cover deductibles and other insurance liability risks. The principal operating revenues for the self-insurance fund are premiums received and related income.

The Foundation Trust Fund is used to account for assets held by the District as Trustee.

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

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

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

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

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

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at acquisition value of contributed asset. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3 - 30 years depending on asset types.

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

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

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate as of June 30, 2021:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 19,244,404	\$ 7,569,607	\$ 26,814,011
Deferred inflows of resources	\$ 7,064,000	\$ 311,000	\$ 7,375,000
Net pension liability	\$ 74,426,000	\$ 41,440,000	\$ 115,866,000
Pension expense	\$ 14,816,899	\$ 7,315,421	\$ 22,132,320

Compensated Absences: Compensated absences benefits in the amount of \$830,901 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

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

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2- Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for self-insurance represents the portion of net position restricted for payment of the contract services related to claims. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

3 - Unrestricted Net Position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

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

**A - Nonspendable Fund Balance:**

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

**B - Restricted Fund Balance:**

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide financial statements.

**C - Committed Fund Balance:**

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

**D - Assigned Fund Balance:**

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

**E - Unassigned Fund Balance:**

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$205,901.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2021 are reported at fair value and consisted of the following:

	Governmental Funds	Proprietary Funds	Total Governmental Activities	Fiduciary Funds
Pooled funds:				
Cash in County Treasury	\$ 165,587,231	\$ 256,961	\$ 165,844,192	\$ 107,531
Local Agency Investment Fund	12,683	-	12,683	-
Deposits:				
Cash in revolving fund	50,000	-	50,000	-
Cash on hand and in banks	174,572	-	174,572	-
Cash awaiting deposit	400	-	400	-
Cash with Fiscal Agent	636	-	636	-
Total cash and investments	<u>\$ 165,825,522</u>	<u>\$ 256,961</u>	<u>\$ 166,082,483</u>	<u>\$ 107,531</u>

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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

Pooled Funds - Local Agency Investment Fund: The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts were \$224,572 and the bank balances were \$580,595, of which \$330,595 was uninsured.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of debt. The District holds their funds with the Yolo County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

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

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

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 3 - INTERFUND TRANSACTIONS**

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

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds:		
General	\$ 1,999,240	\$ 1,618,758
Charter Schools	525,001	1,854,901
Building	-	5,543
Debt Service	-	1,900,000
Non-major funds:		
Adult Education	25,977	19,040
Child Development	107,924	80,969
Cafeteria	976,711	1,294,873
Capital Facilities	1,250,001	710
Special Reserve	1,100,000	-
Capital Projects for Blended Component Units	1,900,000	1,103,183
	<hr/>	<hr/>
Total Governmental funds	7,884,854	7,877,977
Self-insurance fund	-	6,877
	<hr/>	<hr/>
Totals	\$ 7,884,854	\$ 7,884,854
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(Continued)



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 3 - INTERFUND TRANSACTIONS** (Continued)

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

Transfer from the General Fund to the Child Development Fund cover the operating deficit.	\$ 215,484
Transfer from the General Fund to the Child Development Fund to cover compensation costs.	16,000
Transfer from the General Fund to the Cafeteria Fund to cover the program operating deficit.	982,982
Transfer from the General Fund to the Cafeteria Fund to cover compensation costs.	63,000
Transfer from the General Fund to the Charter Fund for the Measure G parcel tax.	128,099
Transfer from the General Fund to the Adult Education Fund for Measure G parcel tax and to cover operating deficit.	22,577
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	304,274
Transfer from the Adult Education Fund to the General Fund for indirect costs.	19,040
Transfer from the Child Development Fund to the General Fund for indirect costs.	14,114
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	93,649
Transfer from the Capital Project for Blended Component Units Fund to the Special Reserve Fund for facility project expenditures.	1,100,000
Transfer from the Capital Project for Blended Component Units Fund to the General Fund for monies reserved to protect owls at a school site.	110,665
Transfer from the Debt Service Fund to the Capital Project for Blended Component Units Fund for facilities expenditures.	1,900,000
	<u>\$ 4,969,884</u>

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 4 - CAPITAL ASSETS**

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

	Balance July 1, <u>2020</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2021</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 10,055,899	\$ -	\$ -	\$ 10,055,899
Work-in-process	1,858,845	21,101,021	298,892	22,660,974
Depreciable:				
Land improvements	9,803,718	52,311	-	9,856,029
Buildings	162,535,673	699,831	-	163,235,504
Equipment	<u>7,576,462</u>	<u>130,029</u>	<u>-</u>	<u>7,706,491</u>
Totals, at cost	<u>191,830,597</u>	<u>21,983,192</u>	<u>298,892</u>	<u>213,514,897</u>
Less accumulated depreciation:				
Improvement of sites	4,773,159	428,093	-	5,201,252
Buildings	89,149,917	5,435,776	-	94,585,693
Equipment	<u>6,589,384</u>	<u>255,335</u>	<u>-</u>	<u>6,844,719</u>
Total accumulated depreciation	<u>100,512,460</u>	<u>6,119,204</u>	<u>-</u>	<u>106,631,664</u>
Capital assets, net	<u>\$ 91,318,137</u>	<u>\$ 15,863,988</u>	<u>\$ 298,892</u>	<u>\$ 106,883,233</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 5,739,813
Instructional Library, media and technology	12,239
School site administration	6,119
Food services	24,476
All other general administration	177,458
Centralized data processing	18,357
Plant services	<u>140,742</u>
Total depreciation expense	<u>\$ 6,119,204</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES**

Special Tax Bonds: On May 16, 2012, the District issued a Special Tax Bond, Refunding Series 2012 totaling \$17,450,000. This serial bond has interest rates ranging from 2.00% to 3.50% maturing on August 15, 2028. As of June 30, 2021, no amounts of the refunded bonds were outstanding.

In June 2015, the District issued a Special Tax Bond, Refunding Series 2015 totaling \$7,385,000. This serial bond has interest rates ranging from 2.0% to 4.0% maturing on August 15, 2029. As of June 30, 2021, no amounts of the refunded bonds were outstanding.

The annual requirements to amortize the Special Tax Bonds outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,740,000	\$ 386,270	\$ 2,126,270
2023	1,745,000	331,520	2,076,520
2024	1,545,000	277,095	1,822,095
2025	1,490,000	226,270	1,716,270
2026	1,320,000	179,260	1,499,260
2027-2031	<u>4,550,000</u>	<u>275,000</u>	<u>4,825,000</u>
	<u>\$ 12,390,000</u>	<u>\$ 1,675,415</u>	<u>\$ 14,065,415</u>

General Obligation Bonds: A summary of General Obligation Bonds payable as follows June 30, 2021 follows:

Series	Interest Rate %	Original Maturity	Balance July 1, 2020	Issued Current Year	Redeemed Current Year	Balance June 30, 2021
Refunding 2010	3.5 - 5.0%	2026	\$685,000.00	\$ -	\$ 685,000	\$ -
Refunding 2011	2.0 - 5.0%	2028	590,000	-	590,000	-
Election of 2018, Series 2019	3.5 - 5.0%	2048	50,300,000	-	2,840,000	47,460,000
Election of 2018, Series 2020	3.0 - 5.0%	2043	100,600,000	-	-	100,600,000
2020 GO Bond Refunding	2.0 - 5.0%	2027	<u>8,135,000</u>	-	-	<u>8,135,000</u>
			<u>\$ 160,310,000</u>	<u>\$ -</u>	<u>\$ 4,115,000</u>	<u>\$ 156,195,000</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

The annual payments required to amortize the Series 2010 General Obligation Refunding Bonds outstanding as of June 30, 2021 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,305,000	\$ 5,422,131	\$ 10,727,131
2023	2,225,000	5,233,881	7,458,881
2024	2,505,000	5,115,631	7,620,631
2025	2,870,000	4,981,256	7,851,256
2026	3,270,000	4,827,756	8,097,756
2027-2031	16,090,000	21,927,556	38,017,556
2032-2036	25,430,000	18,429,481	43,859,481
2037-2041	39,510,000	13,556,731	53,066,731
2042-2046	41,795,000	6,271,947	48,066,947
2047-2048	<u>17,195,000</u>	<u>1,008,550</u>	<u>18,203,550</u>
	<u>\$ 156,195,000</u>	<u>\$ 86,774,922</u>	<u>\$ 242,969,922</u>

In April 2010, the District issued General Obligation Refunding Bonds for the purpose of refunding the General Obligation Bond Series 2000. The refunding bonds have interest rates ranging from 3.5% to 5%, maturing on August 1, 2025.

In August 2011, the District issued General Obligation Refunding Bonds for the purpose of refunding the General Obligation Bond Series 2002. The refunding bonds have interest rates ranging from 2% to 5%, maturing on August 1, 2027.

In March 2019, the District issued General Obligation Bonds, Election of 2018, Series 2019, in the amount of \$50,300,000. The bonds have interest rates ranging from 3.5% to 5.0%, maturing on August 1, 2047.

In May 2020, the District issued General Obligation Bonds, Election of 2018, Series 2020, in the amount of \$100,600,000. The bonds have interest rates ranging from 3.5% to 5.0%, maturing on August 1, 2047. The District also issued the 2020 General Obligation Refunding Bonds, in the amount of \$8,135,000, for the purpose of refunding certain outstanding general obligation bond. The refunding bonds have interest rates ranging from 2% to 5%, maturing on August 1, 2027.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 - LONG-TERM LIABILITIES** (Continued)

Certificates of Participation: The District issued Certificates of Participation (COPs) totaling \$4,994,311 on May 1, 2009. The COPs have an interest rate of 4.17% and mature on August 1, 2019.

The District issued Certificates of Participation (COPs) totaling \$25,967,063 on August 7, 2014. The COPs have an interest rate ranging from 2.0% to 4.0% and mature on August 1, 2024.

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,700,035	\$ 1,150,365	\$ 5,850,400
2023	4,756,608	1,196,793	5,953,401
2024	5,800,000	365,400	6,165,400
2025	6,235,000	124,700	6,359,700
	<u>\$ 21,491,643</u>	<u>\$ 2,837,258</u>	<u>\$ 24,328,901</u>

Capitalized Lease Obligations: The District leases equipment under five capital lease agreements. The annual requirement to amortize the capitalized lease obligations at June 30, 2021 is as follows:

Year Ended <u>June 30,</u>	<u>Lease Payments</u>
2022	\$ 154,429
2023	154,428
2024	20,116
2025	100,844
	<u>(37,841)</u>
Less amount representing interest	
Present value of net minimum lease payments	<u>\$ 391,976</u>

PG&E Energy Loan: The District entered interest-free loans to replace old equipment with more energy efficient equipment. The annual requirement to amortize the energy loans at June 30, 2021 is as follows:

Year Ended <u>June 30,</u>	<u>Loan Payments</u>
2022	\$ 92,769
2023	92,769
2024	92,769
2025	92,769
2026	90,551
2027-2028	107,500
	<u>569,127</u>
Present value of loan payments	<u>\$ 569,127</u>

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
<u>Debt:</u>					
Special Tax Bonds	\$ 14,210,000	\$ -	\$ 1,820,000	\$ 12,390,000	\$ 1,740,000
General Obligation Bonds	160,310,000	-	4,115,000	156,195,000	5,305,000
Unamortized premiums	7,183,094	-	76,236	7,106,858	459,622
Premium on issuance of COPs	875,583	-	210,692	664,891	216,069
Certificates of participation	25,808,587	-	4,316,944	21,491,643	4,700,035
Accreted interest	1,442,013	228,561	633,056	1,037,518	-
Capitalized lease obligations	632,337	-	240,361	391,976	135,138
PG&E Energy loan (direct placement)	-	658,538	89,411	569,127	92,769
<u>Other Long-Term Liabilities</u>					
Total OPEB Liability (Note 9)	20,874,499	1,695,607	-	22,570,106	-
Net pension liability (Notes 7 and 8)	110,779,000	5,087,000	-	115,866,000	-
Compensated absences	678,759	152,142	-	830,901	-
Total	<u>\$ 342,793,872</u>	<u>\$ 7,821,848</u>	<u>\$ 11,501,700</u>	<u>\$ 339,114,020</u>	<u>\$ 12,648,633</u>

Payments on the Special Tax Bonds are made from the Debt Service Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Debt Service Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments on the PG&E Energy loan are made from the General and Capital Facilities funds. Payments on the compensated absences, net pension liability and other postemployment benefits are made from the fund for which the related employee worked.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 6 - FUND BALANCES**

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

	General Fund	Charter Schools Fund	Building Fund	Debt Service Fund	All Non-Major Funds	Total
<b>Nonspendable:</b>						
Revolving cash fund	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Stores inventory	-	-	-	-	34,545	34,545
Prepaid expenditures	30,000	-	-	-	-	30,000
Subtotal nonspendable	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,545</u>	<u>114,545</u>
<b>Restricted:</b>						
Legally restricted programs:						
Grants	6,394,128	-	-	-	-	6,394,128
Charter School	-	1,372,300	-	-	-	1,372,300
Other programs	-	-	-	-	462,345	462,345
Capital projects	-	-	129,052,187	-	6,772,425	135,824,612
Debt service	-	-	-	12,874,253	9,530,494	22,404,747
Subtotal restricted	<u>6,394,128</u>	<u>1,372,300</u>	<u>129,052,187</u>	<u>12,874,253</u>	<u>16,765,264</u>	<u>166,458,132</u>
<b>Assigned:</b>						
Deficit spending reserve	4,135,945	-	-	-	-	4,135,945
Textbook adoption	900,000	-	-	-	-	900,000
Subtotal assigned	<u>5,035,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,035,945</u>
<b>Unassigned:</b>						
Designated for economic uncertainty	3,376,401	-	-	-	-	3,376,401
Subtotal unassigned	<u>3,376,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,376,401</u>
Total fund balances	<u>\$ 14,886,474</u>	<u>\$ 1,372,300</u>	<u>\$ 129,052,187</u>	<u>\$ 12,874,253</u>	<u>\$ 16,799,809</u>	<u>\$ 174,985,023</u>

(Continued)

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

### *General Information about the State Teachers' Retirement Plan*

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

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

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

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

#### *CalSTRS 2% at 60*

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

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

#### *CalSTRS 2% at 62*

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

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



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

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

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

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

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

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

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

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

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

(1) (1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$7,647,404 to the plan for the fiscal year ended June 30, 2021.

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

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

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

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

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

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

District's proportionate share of the net pension liability	\$ 74,426,000
State's proportionate share of the net pension liability associated with the District	<u>40,673,000</u>
Total	<u>\$ 115,099,000</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020, the District's proportion was 0.077 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2019.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

For the year ended June 30, 2021, the District recognized pension expense of \$14,816,899 and revenue of \$5,395,314 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 131,000	\$ 2,099,000
Changes of assumptions	7,258,000	-
Net differences between projected and actual earnings on investments	1,768,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,440,000	4,965,000
Contributions made subsequent to measurement date	<u>7,647,404</u>	<u>-</u>
Total	<u>\$ 19,244,404</u>	<u>\$ 7,064,000</u>

\$7,647,404 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 324,834
2023	\$ 1,730,833
2024	\$ 2,773,333
2025	\$ 725,000
2026	\$ (812,000)
2027	\$ (209,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the 6/30/2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

**Discount Rate:** The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

\* 20-year geometric average

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.1 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 112,447,000</u>	<u>\$ 74,426,000</u>	<u>\$ 43,034,000</u>

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

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

*General Information about the Public Employer's Retirement Fund B*

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

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

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

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

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

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

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

*Members* - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year June 30, 2021.

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

The District contributed \$4,262,607 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$41,440,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2020 the District's proportion was 0.135 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2019.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

For the year ended June 30, 2021, the District recognized pension expense of \$7,315,421. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,055,000	\$ -
Changes of assumptions	152,000	-
Net differences between projected and actual earnings on investments	863,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	237,000	311,000
Contributions made subsequent to measurement date	4,262,607	-
Total	<u>\$ 7,569,607</u>	<u>\$ 311,000</u>

\$4,262,607 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 1,229,500
2023	\$ 813,500
2024	\$ 556,000
2025	\$ 397,000

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

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(Continued)



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

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

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

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

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

\* 10-year geometric average

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

(2) An expected inflation rate of 2.92% used for this period.

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 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.

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	<u>\$ 59,577,000</u>	<u>\$ 41,440,000</u>	<u>\$ 12,881,000</u>

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

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS**

Plan Description: In addition to the benefits described in Notes 7 and 8, the District provides post-employment health care benefits, under a single employer defined benefit OPEB plan, until age 65 for certain groups of employees who retire from the District and after attaining age 55 with at least 15 years of service. These postemployment health care benefit provisions are established per contractual agreement with employee groups. The District pays up to \$125 per month for health benefits of these retirees to the age of 65. The plan does not issue separate financial statements.

The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to continue health coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2021 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	228
Active employees	<u>864</u>
	<u>1,092</u>

Benefits Provided: The benefits provided are the same as those provided for active employees.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$404,183 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

*Total OPEB Liability*

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2020
<u>Fiscal Year End</u>	June 30
<u>Mortality Rate</u>	2020 CalSTRS for certified employees and 2017 CalPERS Mortality tables Mortality for Miscellaneous Employees
<u>Discount Rate</u>	2.16%. Based on the Bond Buyer 20-Bond Index.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

<u>Retirement Rate</u>	2017 CalSTRS Retirement Rates for school employees Hired before 2013: 2012 CalPERS 2.0% @ 55 Rates Hired after 2012: 2012 CalPERS 2.0% @ 62 Rates  2020 CalSTRS Retirement Rates for certified employees Hired before 2013: 2020 CalSTRS 2.0% @ 60 Rates Hired after 2012: 2020 CalSTRS 2.0% @ 62 Rates
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	2.75% per year
<u>Medicare Coverage</u>	All current and future participating retirees will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Health Care Inflation</u>	4.0% per year
<u>Termination Rate</u>	2020 CalSTRS Termination Rates for certified employees 2017 CalPERS Termination Rates for school employees
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).
<u>Changes in Total OPEB Liability</u>	

	Total OPEB <u>Liability</u>
Balance at June 30, 2020	\$ 20,874,499
Changes for the year:	
Service cost	1,472,592
Interest	470,991
Changes in assumptions	156,207
Difference between expected and actual experience	-
Benefit payments	<u>(404,183)</u>
Net change	<u>1,695,607</u>
Balance, June 30, 2021	<u>\$ 22,570,106</u>

The changes in assumptions include a change in the discount rate from 2.20% in the prior valuation, to 2.16% in the current valuation. There were no changes between the measurement date and the year ended June 30, 2021 which had a significant effect on the District's total OPEB liability.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Total OPEB liability	\$ 26,928,190	\$ 22,570,106	\$ 19,117,557

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

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Total OPEB liability	\$ 18,326,785	\$ 22,570,106	\$ 28,242,466

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,158,094. At June 30, 2021, the District had no deferred outflows of resources or deferred inflows of resources related to pensions.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,063,604
Changes of assumptions	<u>4,929,227</u>	<u>-</u>
Total	<u>\$ 4,929,227</u>	<u>\$ 3,063,604</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

Year Ending <u>June 30,</u>		
2022	\$	214,511
2023	\$	214,511
2024	\$	214,511
2025	\$	214,511
2026	\$	214,511
Thereafter	\$	793,068

The effect of changes in assumptions are amortized over a closed period of 10 years as of the June 30, 2021 measurement date.

**NOTE 10 - JOINT POWERS AGREEMENTS**

Davis Joint Unified School District participates in one joint venture under joint powers agreement (JPA) with North Bay Schools Insurance Authority (NBSIA). The relationship between Davis Joint Unified School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

NBSIA arranges for and provides property, liability, and workers' compensation insurance coverage for its members. The JPA's governing board consist of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district is obligated to pay an amount commensurate with the level of coverage requested and may be subject to assessments. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. have been no significant reductions in insurance coverage in the prior year.

Condensed financial information for the year ended June 30, 2020 (most recent information available) is as follows:

Total assets	\$	81,612,897
Total deferred outflows of resources	\$	708,156
Total liabilities	\$	49,148,366
Total deferred inflows of resources	\$	104,788
Net position	\$	33,067,899
Total revenues	\$	32,319,822
Total expenditures	\$	29,115,399
Change in net position	\$	3,204,423

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 11 - CONTINGENCIES**

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

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

As of June 30, 2021, the District has approximately \$50.9 million in outstanding commitments on ongoing construction contracts.

## **REQUIRED SUPPLEMENTARY INFORMATION**



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2021

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 35,654,957	\$ 35,859,331	\$ 33,747,008	\$ (2,112,323)
Local sources	34,348,503	34,082,618	36,546,030	2,463,412
Total LCFF	70,003,460	69,941,949	70,293,038	351,089
Federal sources	6,762,730	9,481,303	9,901,195	419,892
Other state sources	7,790,218	15,704,655	14,032,904	(1,671,751)
Other local sources	18,556,518	23,582,389	22,702,013	(880,376)
Total revenues	103,112,926	118,710,296	116,929,150	(1,781,146)
Expenditures:				
Current:				
Certificated salaries	45,831,419	48,859,031	49,082,211	(223,180)
Classified salaries	19,635,481	20,351,968	21,444,476	(1,092,508)
Employee benefits	22,911,569	23,423,605	23,589,537	(165,932)
Books and supplies	2,877,382	6,594,221	4,837,633	1,756,588
Contract services and operating expenditures	10,599,123	12,738,003	10,957,783	1,780,220
Other outgo	875,171	838,468	716,126	122,342
Capital outlay	341,419	1,018,344	663,164	355,180
Debt service:				
Principal retirement	155,978	259,390	247,008	12,382
Interest	13,289	11,669	11,669	-
Total expenditures	103,240,831	114,094,699	111,549,607	2,545,092
(Deficiency) excess of revenues (under) over expenditures	(127,905)	4,615,597	5,379,543	763,946
Other financing sources (uses):				
Transfers in	437,191	384,020	541,742	157,722
Transfers out	(950,711)	(1,790,995)	(1,428,142)	362,853
Proceeds from loan	-	542,461	658,538	116,077
Total other financing sources (uses)	(513,520)	(864,514)	(227,862)	636,652
Net change in fund balance	(641,425)	3,751,083	5,151,681	1,400,598
Fund balance, July 1, 2020	9,734,793	9,734,793	9,734,793	-
Fund balance, June 30, 2021	\$ 9,093,368	\$ 13,485,876	\$ 14,886,474	\$ 1,400,598

See accompanying notes to required supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
CHARTER SCHOOLS FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2021

	Budget			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 2,429,748	\$ 2,803,023	\$ 2,803,023	\$ -
Local sources	<u>2,308,068</u>	<u>2,347,353</u>	<u>2,338,843</u>	<u>(8,510)</u>
Total LCFF	<u>4,737,816</u>	<u>5,150,376</u>	<u>5,141,866</u>	<u>(8,510)</u>
Federal sources	-	212,290	212,290	-
Other state sources	317,362	922,807	733,550	(189,257)
Other local sources	<u>19,684</u>	<u>122,685</u>	<u>75,223</u>	<u>(47,462)</u>
Total revenues	<u>5,074,862</u>	<u>6,408,158</u>	<u>6,162,929</u>	<u>(245,229)</u>
Expenditures:				
Current:				
Certificated salaries	2,034,652	2,258,281	2,216,436	41,845
Classified salaries	372,545	410,237	387,935	22,302
Employee benefits	844,710	892,211	883,748	8,463
Books and supplies	146,572	396,474	340,891	55,583
Contract services and operating expenditures	1,719,389	1,744,246	1,680,824	63,422
Other outgo	233,994	-	-	-
Capital outlay	<u>6,547</u>	<u>11,547</u>	<u>-</u>	<u>11,547</u>
Total expenditures	<u>5,358,409</u>	<u>5,712,996</u>	<u>5,509,834</u>	<u>203,162</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(283,547)</u>	<u>695,162</u>	<u>653,095</u>	<u>(42,067)</u>
Other financing uses:				
Transfers in	119,000	122,000	128,099	6,099
Transfers out	<u>-</u>	<u>(238,321)</u>	<u>(304,274)</u>	<u>(65,953)</u>
Total other financing sources (uses)	<u>119,000</u>	<u>(116,321)</u>	<u>(176,175)</u>	<u>(59,854)</u>
Net change in fund balance	<u>(164,547)</u>	<u>578,841</u>	<u>476,920</u>	<u>(101,921)</u>
Fund balance, July 1, 2020	<u>544,372</u>	<u>895,380</u>	<u>895,380</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 379,825</u>	<u>\$ 1,474,221</u>	<u>\$ 1,372,300</u>	<u>\$ (101,921)</u>

See accompanying notes to required supplementary information.

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

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 1,073,858	\$ 1,103,389	\$ 1,230,447	\$ 1,472,592
Interest	568,248	569,211	645,442	470,991
Difference in expected and actual experience	-	-	(3,759,878)	-
Changes in assumptions	-	825,502	5,131,404	156,207
Employer Contributions	<u>(355,246)</u>	<u>(369,456)</u>	<u>(397,772)</u>	<u>(404,183)</u>
Net change in total OPEB liability	1,286,860	2,128,646	2,849,643	1,695,607
Total OPEB liability, beginning of year	<u>14,609,350</u>	<u>15,896,210</u>	<u>18,024,856</u>	<u>20,874,499</u>
Total OPEB liability, end of year	<u>\$ 15,896,210</u>	<u>\$ 18,024,856</u>	<u>\$ 20,874,499</u>	<u>\$ 22,570,106</u>
Covered employee payroll	\$ 45,601,512	\$ 48,476,376	\$ 68,030,374	\$ 75,240,572
Total OPEB liability as a percentage of covered-employee payroll	35%	37%	31%	30%

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

See accompanying notes to required supplementary information.

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

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.084%	0.083%	0.080%	0.078%	0.082%	0.079%	0.077%
District's proportionate share of the net pension liability	\$ 48,887,000	\$ 55,700,000	\$ 64,757,000	\$ 71,701,000	\$ 75,360,000	\$ 70,976,000	\$ 74,426,000
State's proportionate share of the net pension liability associated with the District	<u>29,520,000</u>	<u>29,459,000</u>	<u>36,868,000</u>	<u>42,418,000</u>	<u>43,148,000</u>	<u>38,722,000</u>	<u>40,673,000</u>
Total net pension liability	<u>\$ 78,407,000</u>	<u>\$ 85,159,000</u>	<u>\$ 101,625,000</u>	<u>\$ 114,119,000</u>	<u>\$ 118,508,000</u>	<u>\$ 109,698,000</u>	<u>\$ 115,099,000</u>
District's covered payroll	\$ 37,216,000	\$ 38,401,000	\$ 39,902,000	\$ 41,091,000	\$ 43,304,000	\$ 44,124,000	\$ 41,068,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	174.03%	160.86%	181.23%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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

All years prior to 2015 are not available.

(Continued)

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

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.129%	0.135%	0.133%	0.132%	0.137%	0.137%	0.135%
District's proportionate share of the net pension liability	\$ 14,657,000	\$ 19,902,000	\$ 26,239,000	\$ 31,443,000	\$ 36,454,000	\$ 39,803,000	\$ 41,440,000
District's covered payroll	\$ 13,553,000	\$ 14,949,000	\$ 15,939,000	\$ 16,793,000	\$ 18,075,000	\$ 18,937,000	\$ 19,524,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.13%	164.62%	187.24%	201.68%	210.19%	212.25%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 3,409,992	\$ 4,281,476	\$ 5,196,394	\$ 6,248,751	\$ 7,183,395	\$ 7,445,584	\$ 7,647,404
Contributions in relation to the contractually required contribution	<u>3,409,992</u>	<u>4,281,476</u>	<u>5,196,394</u>	<u>6,248,751</u>	<u>7,183,395</u>	<u>7,445,584</u>	<u>7,647,404</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 38,401,000	\$ 39,902,000	\$ 41,091,000	\$ 43,304,000	\$ 44,124,000	\$ 41,068,000	\$ 40,039,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	16.55%**

All years prior to 2015 are not available.

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2021

Public Employer's Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 1,759,547	\$ 1,888,245	\$ 2,331,676	\$ 2,807,154	\$ 3,420,427	\$ 3,850,421	\$ 4,262,607
Contributions in relation to the contractually required contribution	<u>1,759,547</u>	<u>1,888,245</u>	<u>2,331,676</u>	<u>2,807,154</u>	<u>3,420,427</u>	<u>3,850,421</u>	<u>4,262,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,949,000	\$ 15,939,000	\$ 16,793,000	\$ 18,075,000	\$ 18,937,000	\$ 19,524,000	\$ 20,592,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

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

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

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

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

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

F - Changes of Assumptions: The changes in assumptions for the total OPEB liability included a change in the discount rate, from 3.50%, 2.20% and 2.16% in the June 30, 2019, 2020 and 2021 actuarial report to actuarial reports, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

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

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

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## **SUPPLEMENTARY INFORMATION**

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2021

	Student Activity Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Total
<b>ASSETS</b>									
Cash and investments:									
Cash in County Treasury	\$ -	\$ 180,191	\$ 10,444	\$ 40,249	\$ 1,883,921	\$ 1,099,864	\$ 1,123,318	\$ 9,530,494	\$ 13,868,481
Cash in Banks	168,772	-	-	1,881	-	-	-	-	170,653
Cash awaiting deposit	-	400	-	-	-	-	-	-	400
Receivables	-	80,189	1,467	516,912	-	-	3,106	-	601,674
Due from other funds	-	25,977	107,924	976,711	1,250,001	1,100,000	1,900,000	-	5,360,613
Stores inventory	-	-	-	34,545	-	-	-	-	34,545
Total assets	<u>\$ 168,772</u>	<u>\$ 286,757</u>	<u>\$ 119,835</u>	<u>\$ 1,570,298</u>	<u>\$ 3,133,922</u>	<u>\$ 2,199,864</u>	<u>\$ 3,026,424</u>	<u>\$ 9,530,494</u>	<u>\$ 20,036,366</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ 11,544	\$ 1,766	\$ 232,087	\$ 60,311	\$ -	\$ 423,581	\$ -	\$ 729,289
Due to other funds	-	19,040	80,969	1,294,873	710	-	1,103,183	-	2,498,775
Unearned Revenue	-	-	-	8,493	-	-	-	-	8,493
Total liabilities	-	30,584	82,735	1,535,453	61,021	-	1,526,764	-	3,236,557
Fund balances:									
Nonspendable	-	-	-	34,545	-	-	-	-	34,545
Restricted	168,772	256,173	37,100	300	3,072,901	2,199,864	1,499,660	9,530,494	16,765,264
Total fund balance	168,772	256,173	37,100	34,845	3,072,901	2,199,864	1,499,660	9,530,494	16,799,809
Total liabilities and fund balances	<u>\$ 168,772</u>	<u>\$ 286,757</u>	<u>\$ 119,835</u>	<u>\$ 1,570,298</u>	<u>\$ 3,133,922</u>	<u>\$ 2,199,864</u>	<u>\$ 3,026,424</u>	<u>\$ 9,530,494</u>	<u>\$ 20,036,366</u>

See accompanying notes to supplementary information.

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

	Student Activity Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption	Total
Revenues:									
Federal Sources	\$ -	\$ -	\$ 17,640	\$ 1,014,925	\$ -	\$ -	\$ -	\$ -	\$ 1,032,565
Other state sources	-	403,356	240,689	94,493	-	-	-	44,647	783,185
Other local sources	226,240	17,220	7,368	91,484	1,832,415	-	25,970	7,504,920	9,705,617
Total revenues	226,240	420,576	265,697	1,200,902	1,832,415	-	25,970	7,549,567	11,521,367
Expenditures:									
Current:									
Certificated salaries	-	220,380	223,018	-	-	-	-	-	443,398
Classified salaries	-	92,467	127,508	1,136,428	-	-	207,998	-	1,564,401
Employee benefits	-	107,592	139,245	405,877	-	-	75,793	-	728,507
Books and supplies	193,347	5,658	7,140	502,840	22,544	-	2,212	-	733,741
Contract services and operating expenditures	70,022	17,372	6,604	133,162	141,096	1	111,086	-	479,343
Capital outlay	-	-	-	-	538,917	-	310,516	-	849,433
Debt service:									
Principal retirement	-	-	-	-	82,764	-	-	4,115,000	4,197,764
Interest	-	-	-	-	18,081	-	-	4,629,488	4,647,569
Total expenditures	263,369	443,469	503,515	2,178,307	803,402	1	707,605	8,744,488	13,644,156
(Deficiency) excess of revenues (under) over expenditures	(37,129)	(22,893)	(237,818)	(977,405)	1,029,013	(1)	(681,635)	(1,194,921)	(2,122,789)
Other financing sources (uses):									
Transfers in	-	22,577	231,484	1,045,982	-	1,100,000	1,900,000	-	4,300,043
Transfers out	-	(19,040)	(14,114)	(93,649)	-	-	(1,210,665)	-	(1,337,468)
Total other financing sources (uses)	-	3,537	217,370	952,333	-	1,100,000	689,335	-	2,962,575
Net change in fund balances	(37,129)	(19,356)	(20,448)	(25,072)	1,029,013	1,099,999	7,700	(1,194,921)	839,786
Fund balance, July 1, 2020	-	275,529	57,548	59,917	2,043,888	1,099,865	1,491,960	10,725,415	15,754,122
Cumulative effect of GASB 84 implementation	205,901	-	-	-	-	-	-	-	205,901
Fund balance, July 1, 2020, as restated	205,901	275,529	57,548	59,917	2,043,888	1,099,865	1,491,960	10,725,415	15,960,023
Fund balance, June 30, 2021	\$ 168,772	\$ 256,173	\$ 37,100	\$ 34,845	\$ 3,072,901	\$ 2,199,864	\$ 1,499,660	\$ 9,530,494	\$ 16,799,809

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2021

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Davis Joint Unified School District was established on July 1, 1962 and comprises an area located in Solano and Yolo Counties. There were no changes in District boundaries during the current year. The District covers an area of approximately 15 square miles. The District operated nine elementary schools (three TK-6, five K-6, and one K-3 grades schools), three junior high schools (grades 7-9), one comprehensive high school (grades 10-12), and one dependent charter school (grades 7-12). The District also operated an independent study program, a continuation high school, an adult education school, a preschool program, and a teacher credentialing program.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Joe DiNunzio	President	December 2022
Tom Adams	Vice President/Clerk	December 2022
Vigdis Asmundson*	Trustee	December 2022
Lea Darrah	Trustee	December 2024
Betsy Hyder	Trustee	December 2024

ADMINISTRATION

John A. Bowes, Ed.D.  
Superintendent\*\*

Matthew Best  
Deputy Superintendent

Rody Boonchouy, Ed.D.  
Associate Superintendent, Instructional Services

Laura Juanitas  
Associate Superintendent, Student Support Services

Amari Watkins  
Associate Superintendent, Business Services

\*Vigdis Asmundson was elected in November 2020 to serve the remaining two-year term of the seat vacated by Cindy Pickett effective June 30, 2020.

\*\*John A. Bowes resigned as Superintendent effective August 6, 2021. Deputy Superintendent Matthew Best assumed the role of Interim Superintendent effective August 7, 2021.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2021

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<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance
<u>Classroom-based Charter School</u>		
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

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See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance, Part B, Section 611	13379	\$ 1,563,254
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619	13430	28,751
84.027	Special Education: IDEA Mental Health, Part B, Section 619	14468	89,512
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	330
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Private School ISPs	10115	26,932
	Subtotal Special Education Cluster		1,708,779
	Education Stabilization Fund (ESF) Programs - COVID-19:		
84.425D	Elementary and Secondary School Emergency Relief Fund (ESSER) - COVID -19	15536	600,336
84.425H	Elementary and Secondary School Emergency Relief Fund (ESSER) II - COVID -19	15547	2,457,177
84.425	Elementary and Secondary School Emergency Relief Fund (ESSER) III - COVID -19	15559	719,656
84.425	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement - COVID -19	15535	93,711
84.425C	Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation - COVID -19	15517	517,973
	Subtotal ESF Programs - COVID-19		4,388,853
	ESEA: Title III Programs:		
84.365	ESEA: Title III Limited English Proficient (LEP) Student Program	14346	84,706
84.365	ESEA: Title III, Immigrant Education Program	15146	3,543
	Subtotal ESEA: Title III Programs		4,477,102
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	586,268
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	90,631
84.424	ESEA: Title IV, Part A, Student Support		21,371
84.358	ESEA: Title V, Part B, Rural & Low Income School Program (REAP)	14356	6,210
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	42,165
	Total U.S. Department of Education		746,645

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education:</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (NSL Sec 4) - Child Nutrition Cluster	13391	<u>921,214</u>
	Total U.S. Department of Agriculture		<u>921,214</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education:</u>			
93.575	Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	15555	<u>17,640</u>
	Total U.S. Department of Health and Human Services		<u>17,640</u>
<u>U.S. Department of the Treasury - Passed through California Department of Education:</u>			
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation - COVID -19	25516	<u>3,274,670</u>
	Total U.S. Department of Treasury		<u>3,274,670</u>
	Total Federal Programs		<u>\$ 11,146,050</u>

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021

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There were no adjustments made to any funds of the District.

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See accompanying notes to supplementary information.



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2021  
(UNAUDITED)

	(Adopted Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund				
Revenues and other financing sources	\$ <u>107,618,961</u>	\$ <u>118,129,430</u>	\$ <u>100,713,324</u>	\$ <u>103,967,697</u>
Expenditures	<u>108,637,396</u>	<u>111,549,607</u>	<u>100,697,250</u>	<u>101,273,085</u>
Other uses and transfers out	<u>1,797,973</u>	<u>1,428,142</u>	<u>805,253</u>	<u>490,599</u>
Total outgo	<u>110,435,369</u>	<u>112,977,749</u>	<u>101,502,503</u>	<u>101,763,684</u>
Change in fund balance	\$ <u>(2,816,408)</u>	\$ <u>5,151,681</u>	\$ <u>(789,179)</u>	\$ <u>2,204,013</u>
Ending fund balance	\$ <u>12,070,066</u>	\$ <u>14,886,474</u>	\$ <u>9,734,793</u>	\$ <u>10,523,972</u>
Available reserves	\$ <u>3,313,062</u>	\$ <u>3,376,401</u>	\$ <u>3,036,095</u>	\$ <u>5,488,839</u>
Designated for economic uncertainties	\$ <u>3,313,062</u>	\$ <u>3,376,401</u>	\$ <u>3,036,095</u>	\$ <u>4,639,226</u>
Undesignated fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>849,613</u>
Available reserves as percentages of total outgo	<u>3.0%</u>	<u>3.01%</u>	<u>3.01%</u>	<u>5.40%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ <u>326,465,387</u>	\$ <u>339,114,020</u>	\$ <u>342,793,872</u>	\$ <u>242,926,999</u>
Average daily attendance at P-2, excluding Charter	<u>7,330</u>	<u>7,637</u>	<u>7,637</u>	<u>7,677</u>

The General Fund fund balance has decreased by \$6,566,515 over the past three years. The fiscal year June 30, 2021 budget projects a decrease of \$2,816,408. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District has met this requirement.

The District has incurred an operating surplus for two of the past three years, and anticipates incurring an operating deficit during the fiscal year June 30, 2021.

Total long-term liabilities have increased by \$96,187,021 over the past two years.

Average daily attendance has decreased by 40 over the past two years. The District anticipates a decrease of 307 ADA for fiscal year June 30, 2021.

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2021

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<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
#1079 Da Vinci Charter Academy	Included in the District's Financial Statements as the Charter Schools Fund

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See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

A - Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

D - Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2020-2021 fiscal year, as required by the State Controller's Office.

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

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

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

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

Board of Education  
Davis Joint Unified School District  
Davis, California

## Report on Compliance with State Laws and Regulations

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

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

(Continued)

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

The District does not offer an Apprenticeship: Related and Supplemental Instruction program; therefore, we did not perform any procedures related to this program.

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

The District did not incur any California Clean Energy Jobs Act; therefore, we did not perform any procedures related to California Clean Energy Jobs Act.

The District does not operate an Independent Study-Course Based program; therefore, we did not perform any procedures related to this program.

The District does not operate a Nonclassroom-Based Charter School; therefore, we did not perform any testing of Nonclassroom-Based Instruction/Independent Study and Determination of Funding for Nonclassroom-Based Instruction, for charter schools.

The District did not expend any Charter School Facility Grant Program funds in the current year; therefore, we did not perform any procedures related to the Charter School Facilities Grant Program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on Davis Joint Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *June 30, 2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Davis Joint Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Davis Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Compliance with State Laws and Regulations***

In our opinion, Davis Joint Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

### **Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *June 30, 2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Sacramento, California  
February 25, 2022

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

Board of Education  
Davis Joint Unified School District  
Davis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Davis Joint Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Davis Joint Unified School District's basic financial statements, and have issued our report thereon dated February 25, 2022.

**Internal Control Over Financial Reporting**

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

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

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

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(Continued)

## Compliance and Other Matters

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

## Purpose of this Report

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

*Crowe LLP*

Crowe LLP

Sacramento, California  
February 25, 2022



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

Board of Education  
Davis Joint Unified School District  
Davis, California

**Report on Compliance for the Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

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

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(Continued)

## Report on Internal Control Over Compliance

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

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

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

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

*Crowe LLP*  
Crowe LLP

Sacramento, California  
February 25, 2022

## **FINDINGS AND RECOMMENDATIONS**

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      Yes           X           No

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

Noncompliance material to financial statements noted?                      Yes           X           No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?                      Yes           X           No

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

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

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

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund (CRF): Learning Loss Mitigation - COVID -19

84.425, 84.425C

Education Stabilization Fund (ESF) Programs - COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?           X           Yes                      No

**STATE AWARDS**

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

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**



DAVIS JOINT UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2021

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No matters were reported.