

MILLER CREEK SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2021**

**MILLER CREEK SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021**

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities.....	12
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Proprietary Funds – Statement of Net Position.....	18
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position.....	19
Proprietary Funds – Statement of Cash Flows.....	20
Notes to Financial Statements.....	21

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule.....	53
Schedule of Changes in Total OPEB Liability and Related Ratios.....	54
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS.....	55
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS.....	56
Schedule of District Contributions - CalSTRS.....	57
Schedule of District Contributions - CalPERS.....	58
Notes to Required Supplementary Information.....	59

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....	61
Schedule of Instructional Time.....	62
Schedule of Financial Trends and Analysis.....	63
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	64
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	66
Local Education Agency Organization Structure.....	67
Notes to Supplementary Information.....	68

**MILLER CREEK SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021**

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*69
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over
Compliance Required by the Uniform Guidance71
Report on State Compliance73

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results.....75
Financial Statement Findings76
Federal Award Findings and Questioned Costs77
State Award Findings and Questioned Costs78
Summary Schedule of Prior Audit Findings79

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Miller Creek School District
San Rafael, California

Report on the Financial Statements

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the District's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit.

The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the discretely presented component unit are not reported. The amounts by which this departure would affect the assets, liabilities, net assets, revenues and expenses has not been determined in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the District, as of June 30, 2021, or the changes in financial position thereof for the year then ended.

Opinion

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 Miller Creek 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (continued)

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 on our consideration of Miller Creek School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Miller Creek School District's internal control over financial reporting or on compliance.. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Miller Creek School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 18, 2022

MILLER CREEK SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

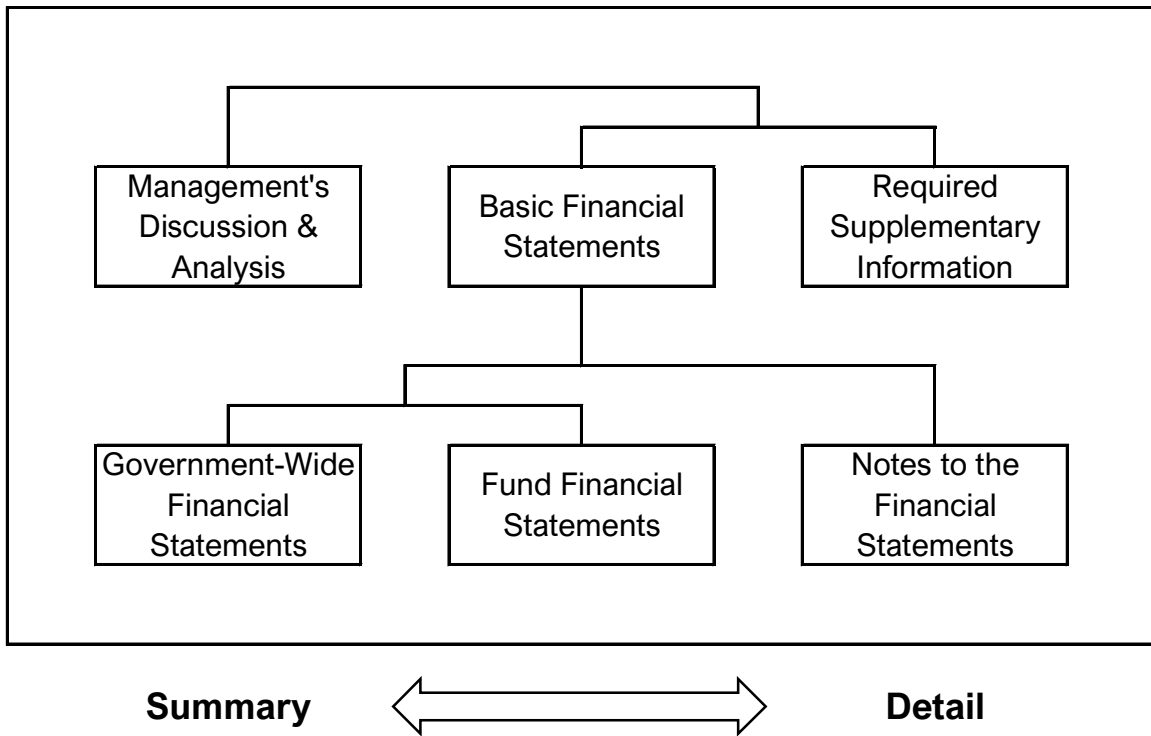
Our discussion and analysis of Miller Creek School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$(10,648,284) at June 30, 2021. This was an increase of \$3,437,269 from the prior year, after restatement.
- Overall revenues were \$32,959,465 which exceeded expenses of \$29,522,196.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

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

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

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

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

**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District's net position was \$(10,648,284) at June 30, 2021, as reflected in the table below. Of this amount, \$(21,420,334) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 16,026,465	\$ 15,258,897	\$ 767,568
Capital assets	35,019,164	35,934,204	(915,040)
Total Assets	51,045,629	51,193,101	(147,472)
DEFERRED OUTFLOWS OF RESOURCES	5,856,775	6,147,473	(290,698)
LIABILITIES			
Current liabilities	6,837,912	9,962,800	(3,124,888)
Long-term liabilities	59,554,133	59,556,662	(2,529)
Total Liabilities	66,392,045	69,519,462	(3,127,417)
DEFERRED INFLOWS OF RESOURCES	1,158,643	2,102,858	(944,215)
NET POSITION			
Net investment in capital assets	4,536,681	3,593,024	943,657
Restricted	6,235,369	3,347,168	2,888,201
Unrestricted	(21,420,334)	(21,221,938)	(198,396)
Total Net Position	\$ (10,648,284)	\$ (14,281,746)	\$ 3,633,462

**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 5,440	\$ 62,302	\$ (56,862)
Operating grants and contributions	4,798,853	2,926,925	1,871,928
General revenues			
Property taxes	21,724,014	20,991,661	732,353
Unrestricted federal and state aid	1,482,180	1,620,591	(138,411)
Other	4,948,978	2,344,141	2,604,837
Total Revenues	32,959,465	27,945,620	5,013,845
EXPENSES			
Instruction	16,453,378	15,717,581	735,797
Instruction-related services	2,876,489	2,423,919	452,570
Pupil services	1,825,310	1,897,810	(72,500)
General administration	2,498,515	2,230,042	268,473
Plant services	2,632,476	2,671,221	(38,745)
Ancillary and community services	3,864	9,104	(5,240)
Debt service	1,362,203	1,357,294	4,909
Other outgo	685,986	758,179	(72,193)
Depreciation	1,183,975	1,213,723	(29,748)
Total Expenses	29,522,196	28,278,873	1,243,323
Change in net position	3,437,269	(333,253)	3,770,522
Net Position - Beginning, as Restated*	(14,085,553)	(13,948,493)	(137,060)
Net Position - Ending	\$ (10,648,284)	\$ (14,281,746)	\$ 3,633,462

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

The cost of all our governmental activities this year was \$29,522,196 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$21,724,014 the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2021	2020
Instruction	\$ 13,269,161	\$ 13,646,322
Instruction-related services	2,218,999	2,245,954
Pupil services	1,499,118	1,610,520
General administration	2,174,216	2,110,324
Plant services	2,583,250	2,651,546
Ancillary and community services	3,835	9,104
Debt service	1,362,203	1,357,294
Transfers to other agencies	423,146	444,859
Depreciation	1,183,975	1,213,723
Total Expenses	\$ 24,717,903	\$ 25,289,646

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$10,453,788, which is more than this year's ending fund balance of \$6,640,113. The District's General Fund had \$569,358 more in operating revenues than expenditures for the year ended June 30, 2021. The District's Special Reserve Fund for Capital Outlay Projects had \$3,380,215 more in operating revenues than expenditures for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

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

**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the District had invested \$35,019,164 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 1,412,651	\$ 1,412,651	\$ -
Construction in progress	-	24,365,195	(24,365,195)
Land improvements	9,027,074	9,027,074	-
Buildings & improvements	56,119,495	31,681,558	24,437,937
Furniture & equipment	1,649,938	1,649,938	-
Accumulated depreciation	(33,189,994)	(32,006,019)	(1,183,975)
Total Capital Assets	\$ 35,019,164	\$ 36,130,397	\$ (1,111,233)

Long-Term Liabilities

At year-end, the District had \$59,554,133 in long-term liabilities, a decrease of 0.004% from last year – as shown in table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 32,972,242	\$ 33,740,480	\$ (768,238)
Capital leases	-	896,078	(896,078)
Compensated absences	92,179	70,741	21,438
Total OPEB liability	1,215,144	1,104,372	110,772
Net pension liability	26,333,898	24,881,396	1,452,502
Less: current portion of long-term liabilities	(1,059,330)	(1,136,405)	77,075
Total Long-term Liabilities	\$ 59,554,133	\$ 59,556,662	\$ (2,529)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

**MILLER CREEK SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET (continued)

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

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

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

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

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

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

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District Office of Miller Creek School District at (415) 492-3700, located at 380 Nova Albion Way, San Rafael, California 94903.

**MILLER CREEK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash and investments	\$ 14,367,226
Accounts receivable	1,659,239
Capital assets, not depreciated	1,412,651
Capital assets, net of accumulated depreciation	33,606,513
Total Assets	51,045,629
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,599,833
Deferred outflows related to OPEB	256,942
Total Deferred Outflows of Resources	5,856,775
LIABILITIES	
Accrued liabilities	5,662,411
Unearned revenue	116,171
Long-term liabilities, current portion	1,059,330
Long-term liabilities, non-current portion	59,554,133
Total Liabilities	66,392,045
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,117,018
Deferred inflows related to OPEB	41,625
Total Deferred Inflows of Resources	1,158,643
NET POSITION	
Net investment in capital assets	4,536,681
Restricted:	
Capital projects	3,399,046
Debt service	1,201,361
Educational programs	1,618,055
Food service	16,907
Unrestricted	(21,420,334)
Total Net Position	\$ (10,648,284)

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

**MILLER CREEK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 16,453,378	\$ 4,553	\$ 3,179,664	\$ (13,269,161)
Instruction-related services				
Instructional supervision and administration	770,799	-	308,905	(461,894)
Instructional library, media, and technology	209,262	293	19,459	(189,510)
School site administration	1,896,428	-	328,833	(1,567,595)
Pupil services				
Home-to-school transportation	565,838	-	11,384	(554,454)
Food services	153,581	-	114,363	(39,218)
All other pupil services	1,105,891	581	199,864	(905,446)
General administration				
Centralized data processing	441,621	-	90,757	(350,864)
All other general administration	2,056,894	13	233,529	(1,823,352)
Plant services	2,632,476	-	49,226	(2,583,250)
Community services	3,864	-	29	(3,835)
Interest on long-term debt	1,362,203	-	-	(1,362,203)
Other outgo	685,986	-	262,840	(423,146)
Depreciation (unallocated)	1,183,975	-	-	(1,183,975)
Total Governmental Activities	\$ 29,522,196	\$ 5,440	\$ 4,798,853	(24,717,903)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				17,097,161
Property taxes, levied for debt service				1,933,471
Property taxes, levied for other specific purposes				2,693,382
Federal and state aid not restricted for specific purposes				1,482,180
Interest and investment earnings				68,194
Miscellaneous				4,880,784
Subtotal, General Revenue				28,155,172
CHANGE IN NET POSITION				3,437,269
Net Position - Beginning, as Restated				(14,085,553)
Net Position - Ending				\$ (10,648,284)

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

**MILLER CREEK SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 7,801,506	\$ 4,328,992	\$ 1,923,866	\$ 14,054,364
Accounts receivable	1,604,951	38,113	16,175	1,659,239
Due from other funds	1,179,120	97,046	-	1,276,166
Total Assets	\$ 10,585,577	\$ 4,464,151	\$ 1,940,041	\$ 16,989,769
LIABILITIES				
Accrued liabilities	\$ 5,195,788	\$ 5,364	\$ 612	\$ 5,201,764
Due to other funds	5,211	1,121,000	91,835	1,218,046
Unearned revenue	69,702	46,469	-	116,171
Total Liabilities	5,270,701	1,172,833	92,447	6,535,981
FUND BALANCES				
Nonspendable	3,000	-	-	3,000
Restricted	1,618,055	3,291,318	1,847,594	6,756,967
Unassigned	3,693,821	-	-	3,693,821
Total Fund Balances	5,314,876	3,291,318	1,847,594	10,453,788
Total Liabilities and Fund Balances	\$ 10,585,577	\$ 4,464,151	\$ 1,940,041	\$ 16,989,769

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

**MILLER CREEK SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 10,453,788

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

Capital assets:

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

Capital assets	\$ 68,209,158	
Accumulated depreciation	<u>(33,189,994)</u>	35,019,164

Unmatured interest on long-term debt:

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

(460,612)

Long-term liabilities:

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

Total general obligation bonds	\$ 32,972,242	
Compensated absences	92,179	
Total OPEB liability	1,215,144	
Net pension liability	<u>26,333,898</u>	(60,613,463)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 5,599,833	
Deferred inflows of resources related to pensions	<u>(1,117,018)</u>	4,482,815

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 256,942	
Deferred inflows of resources related to OPEB	<u>(41,625)</u>	215,317

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

254,707

Total Net Position - Governmental Activities \$ (10,648,284)

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

**MILLER CREEK SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 18,172,415	\$ -	\$ -	\$ 18,172,415
Federal sources	1,346,732	-	132,528	1,479,260
Other state sources	3,082,044	-	13,442	3,095,486
Other local sources	4,370,763	4,693,856	1,934,864	10,999,483
Total Revenues	26,971,954	4,693,856	2,080,834	33,746,644
EXPENDITURES				
Current				
Instruction	16,571,097	-	-	16,571,097
Instruction-related services				
Instructional supervision and administration	771,577	-	-	771,577
Instructional library, media, and technology	196,521	-	-	196,521
School site administration	1,876,458	-	-	1,876,458
Pupil services				
Home-to-school transportation	527,733	-	-	527,733
Food services	754	-	152,885	153,639
All other pupil services	1,107,309	-	-	1,107,309
General administration				
Centralized data processing	411,125	-	-	411,125
All other general administration	1,985,843	-	5,618	1,991,461
Plant services	2,139,717	362,179	-	2,501,896
Facilities acquisition and maintenance	-	-	91,010	91,010
Community services	3,763	-	-	3,763
Transfers to other agencies	810,316	-	-	810,316
Debt service				
Principal	-	896,078	840,000	1,736,078
Interest and other	383	55,384	1,127,219	1,182,986
Total Expenditures	26,402,596	1,313,641	2,216,732	29,932,969
Excess (Deficiency) of Revenues Over Expenditures	569,358	3,380,215	(135,898)	3,813,675
Other Financing Sources (Uses)				
Transfers in	1,121,000	91,835	112,092	1,324,927
Transfers out	(62,500)	(1,170,592)	(91,835)	(1,324,927)
Other uses	-	-	-	-
Net Financing Sources (Uses)	1,058,500	(1,078,757)	20,257	-
NET CHANGE IN FUND BALANCE	1,627,858	2,301,458	(115,641)	3,813,675
Fund Balance - Beginning	3,687,018	989,860	1,963,235	6,640,113
Fund Balance - Ending	\$ 5,314,876	\$ 3,291,318	\$ 1,847,594	\$ 10,453,788

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

**MILLER CREEK SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 3,813,675

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

Capital outlay:

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

Expenditures for capital outlay:	\$	72,742	
Depreciation expense:		<u>(1,183,975)</u>	(1,111,233)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,736,078

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (196,092)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (21,438)

Other expenditures relating to prior periods:

Certain expenditures recognized in governmental funds relate to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods were: 16,875

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: 94,105

(continued on next page)

**MILLER CREEK SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2021**

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (1,003,862)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 124,330

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (15,169)

Change in Net Position of Governmental Activities	\$	3,437,269
--	----	-----------

**MILLER CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	<u>Governmental Activities</u>
	<u>Self-Insurance Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 312,862
Total current assets	<u>312,862</u>
Total Assets	<u>312,862</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	35
Due to other funds	58,120
Total current liabilities	<u>58,155</u>
Total Liabilities	<u>58,155</u>
NET POSITION	
Restricted	254,707
Total Net Position	<u>\$ 254,707</u>

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

**MILLER CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities</u>
	<u>Self Insurance Fund</u>
OPERATING REVENUES	
Charges for services	\$ 117,109
Other local revenues	46
Total operating revenues	<u>117,155</u>
OPERATING EXPENSES	
Professional services	134,211
Total operating expenses	<u>134,211</u>
Operating income/(loss)	<u>(17,056)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	1,887
Total non-operating revenues/(expenses)	<u>1,887</u>
CHANGE IN NET POSITION	(15,169)
Net Position - Beginning	<u>269,876</u>
Net Position - Ending	<u>\$ 254,707</u>

**MILLER CREEK SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Governmental Activities</u>
	<u>Self Insurance Fund</u>
Cash flows from operating activities	
Cash received from user charges	\$ 117,109
Cash received (paid) from assessments made to (from) other funds	46
Cash payments for payroll, insurance, and operating costs	<u>(76,102)</u>
Net cash provided by (used for) operating activities	<u>41,053</u>
Cash flows from investing activities	
Interest received	<u>1,887</u>
Net cash provided by (used for) investing activities	<u>1,887</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>42,940</u>
 CASH AND CASH EQUIVALENTS	
Beginning of year	269,922
End of year	<u>\$ 312,862</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ (17,056)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in accrued liabilities	(11)
Increase (decrease) in due to other funds	<u>58,120</u>
Net cash provided by (used for) operating activities	<u>\$ 41,053</u>

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has determined that Can Do! (the Foundation), a non-profit education foundation, and the Dixie Education Foundation, Inc., a non-profit organization, meet the criteria set forth in GASB 39. However, since the Foundations do not issue audited financial statements, the financial statements of the District include only the financial data of the primary government, which consists of all funds that comprise the District's legal entity, and all funds for which it has a fiduciary responsibility. The financial statements do not include financial data of the Foundations, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government.

As a result, these financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Financial Reporting Entity, or the respective changes in its financial position.

The District has determined that the cost of including audited financial data, of its legally separate component unit CanDo!, in the financial statements of the District, exceeds the benefits to be received by including such data. The 2020-21 financial data of the Dixie Education Foundation had not yet been audited as of the audit report date. As of the audit report date, the most recently audited financial data for the Dixie Education Foundation was for the 2017-18 year. In addition, since the District's various oversight agencies do not require such data to be included, the District has elected to omit such data from its financial statements.

C. Basis of Presentation

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Government-Wide Statements (continued).

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

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

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

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

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

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

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

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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

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

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

Debt Service Fund: This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Financial Statements

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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

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

Unearned Revenue

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

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

Expenses/Expenditures

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

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

The District’s cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Inventories

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

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Sites and Improvements	14-36 years
Buildings and Improvements	14-35 years
Furniture and Equipment	5-20 years

Interfund Balances

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	July 1, 2020
Measurement Period	July 1, 2020 – June 30, 2021
Reporting Period	July 1, 2020 – June 30, 2021

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

Premiums and Discounts

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

Fund Balance

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

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

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

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

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

F. Interfund Activity

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

G. Estimates

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

I. Property Tax

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

J. New Accounting Pronouncements

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

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

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard’s primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 14,049,364	\$ 312,862	\$ 14,362,226
Cash on hand and in banks	2,000	-	2,000
Cash in revolving fund	3,000	-	3,000
Total	\$ 14,054,364	\$ 312,862	\$ 14,367,226

B. Policies and Practices

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

C. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Marin County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

D. General Authorizations

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

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$14,363,221 and an amortized book value of \$14,362,226. The average weighted maturity for this pool is 218 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were not rated.

G. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

H. Fair Value

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

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

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

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

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

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

	Uncategorized
Investment in county treasury	\$ 14,363,221
Total	\$ 14,363,221

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 501,970	\$ -	\$ 15,018	\$ 516,988
State Government				
Categorical aid	365,579	-	1,026	366,605
Lottery	132,599	-	-	132,599
Local Government				
Other local sources	604,803	38,113	131	643,047
Total	\$ 1,604,951	\$ 38,113	\$ 16,175	\$ 1,659,239

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 4 – CAPITAL ASSETS

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

	Restated Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,412,651	\$ -	\$ -	\$ 1,412,651
Construction in progress	24,365,195	-	24,365,195	-
Total Capital Assets not Being Depreciated	25,777,846	-	24,365,195	1,412,651
Capital assets being depreciated				
Land improvements	9,027,074	-	-	9,027,074
Buildings & improvements	31,681,558	24,437,937	-	56,119,495
Furniture & equipment	1,649,938	-	-	1,649,938
Total Capital Assets Being Depreciated	42,358,570	24,437,937	-	66,796,507
Less Accumulated Depreciation				
Land improvements	7,517,871	274,224	-	7,792,095
Buildings & improvements	23,005,409	868,518	-	23,873,927
Furniture & equipment	1,482,739	41,233	-	1,523,972
Total Accumulated Depreciation	32,006,019	1,183,975	-	33,189,994
Governmental Activities Capital Assets, net	\$ 36,130,397	\$ 23,253,962	\$ 24,365,195	\$ 35,019,164

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

Due To Other Funds	Due From Other Funds		
	General Fund	Special Reserve Fund for Capital Outlay Projects	Total
General Fund	\$ -	\$ 5,211	\$ 5,211
Special Reserve Fund for Capital Outlay Projects	1,121,000	-	1,121,000
Non-Major Governmental Funds	-	91,835	91,835
Internal Service Fund	58,120	-	58,120
Total	\$ 1,179,120	\$ 97,046	\$ 1,276,166

Due from the General Fund to the Special Reserve Fund for Capital Outlay Projects to cover expenditures.	\$ 5,211
Due from Special Reserve Fund for Capital Outlay Projects to the General Fund for annual transfer of rental revenue.	1,121,000
Due from the Debt Service Fund to the Special Reserve Fund for Capital Outlay Projects for solar lease payment.	91,835
Due from the Internal Service Fund to the General Fund for self insurance related costs.	58,120
Total	\$ 1,276,166

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Interfund Transfers Out	Interfund Transfers In			Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ 62,500	\$ 62,500
Special Reserve Fund for Capital Outlay Projects	1,121,000	-	49,592	1,170,592
Non-Major Governmental Funds	-	91,835	-	91,835
Total	\$ 1,121,000	\$ 91,835	\$ 112,092	\$ 1,324,927

Transfer from the General Fund to the Cafeteria Fund for program support.	\$ 23,000
Transfer from the General Fund to the Building Fund to cover project expenditures.	39,500
Transfer from the Special Reserve Fund for Capital Outlay Projects to the General Fund for annual transfer of rental revenue.	1,121,000
Transfer from the Special Reserve Fund for Capital Outlay Projects to the Building Fund to cover project expenditures.	49,592
Transfer from the Debt Service Fund to the Special Reserve Fund for Capital Outlay Projects for solar lease payment.	91,835
Total	\$ 1,324,927

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	\$ 654,328	\$ -	\$ 612	\$ -	\$ -	\$ 654,940
Vendors payable	579,006	5,364	-	35	-	584,405
Unmatured interest	-	-	-	-	460,612	460,612
Due to grantor government	3,962,454	-	-	-	-	3,962,454
Total	\$ 5,195,788	\$ 5,364	\$ 612	\$ 35	\$ 460,612	\$ 5,662,411

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Governmental Activities
Federal sources	\$ 69,702	\$ -	\$ 69,702
Local sources	-	46,469	46,469
Total	\$ 69,702	\$ 46,469	\$ 116,171

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 8 – LONG-TERM LIABILITIES

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

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 32,168,491	\$ 196,092	\$ 840,000	\$ 31,524,583	\$ 935,000
Unamortized premium	1,571,989	-	124,330	1,447,659	124,330
Total general obligation bonds	33,740,480	196,092	964,330	32,972,242	1,059,330
Capital leases	896,078	-	896,078	-	-
Compensated absences	70,741	21,438	-	92,179	-
Total OPEB liability	1,104,372	110,772	-	1,215,144	-
Net pension liability	24,881,396	1,452,502	-	26,333,898	-
Total	\$ 60,693,067	\$ 1,780,804	\$ 1,860,408	\$ 60,613,463	\$ 1,059,330

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital lease obligations are made in the Debt Service Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$92,179. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

The outstanding general obligation debt of the District as of June 30, 2021 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
1999 Capital Appreciation Bonds	8/8/2000	8/1/2025	5.90% - 5.95%	\$ 2,569,928	\$ 3,248,491	\$ 196,092	\$ -	\$ 3,444,583
2011 General Obligation Refunding Bonds	9/28/2011	8/1/2021	2.00% - 5.00%	5,850,000	1,430,000	-	690,000	740,000
Election of 2014, Series A	3/10/2015	8/1/2044	2.00% - 4.00%	15,000,000	12,790,000	-	50,000	12,740,000
Election of 2014, Series B	1/10/2018	8/1/2043	3.00% - 5.00%	15,000,000	14,700,000	-	100,000	14,600,000
					\$ 32,168,491	\$ 196,092	\$ 840,000	\$ 31,524,583

In August 2000, the Election of 1999 General Obligation Bonds, Series A, in the aggregate principal amount of \$9,995,810 were issued by the County of Marin on behalf of the District. A portion of these bonds were refunded by the 2011 General Obligation Refunding Bonds. The annual requirements to amortize the Election of 1999 General Obligation Bonds, Series A as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ -	\$ -	-
2023	268,810	696,190	965,000
2024	259,043	730,957	990,000
2025	248,137	761,863	1,010,000
2026	239,820	795,180	1,035,000
Accretion	2,428,773	(2,428,773)	-
Total	\$ 3,444,583	\$ 555,417	\$ 4,000,000

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds, (continued)

In September 2011, 2011 General Obligation Refunding Bonds, in the aggregate principal amount of \$5,850,000, were issued by the District to refund a portion of the District’s outstanding Election of 1999 General Obligation Bonds, Series A, and to pay the costs associated with the issuance of the Bonds. The annual requirements to amortize the 2011 General Obligation Refunding Bonds as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 740,000	\$ 18,500	\$ 758,500
Total	\$ 740,000	\$ 18,500	\$ 758,500

In the November 2014 election, the citizens of the District authorized the issuance of \$30,000,000 principal amount of general obligation bonds for the purpose of upgrading and repairing school facilities. The Series A Bonds are the first series of bonds to be issued under the 2014 Authorization totaling \$15,000,000. The annual requirements to amortize the Election 2014, Series A General Obligation Refunding Bonds as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 70,000	\$ 267,772	\$ 337,772
2023	95,000	266,372	361,372
2024	120,000	264,472	384,472
2025	150,000	262,072	412,072
2026	180,000	259,072	439,072
2027 - 2031	1,400,000	2,442,194	3,842,194
2032 - 2036	2,410,000	2,140,878	4,550,878
2037 - 2041	3,815,000	1,564,338	5,379,338
2042 - 2045	4,500,000	474,500	4,974,500
Total	\$ 12,740,000	\$ 7,941,670	\$ 20,681,670

In the November 2014 election, the citizens of the District authorized the issuance of \$30,000,000 principal amount of general obligation bonds for the purpose of upgrading and repairing school facilities. The Series B Bonds are the second series of bonds to be issued under the 2014 Authorization totaling \$15,000,000. The annual requirements to amortize the Election 2014, Series B General Obligation Bonds as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 125,000	\$ 529,800	\$ 654,800
2023	155,000	522,800	677,800
2024	185,000	514,300	699,300
2025	220,000	504,175	724,175
2026	255,000	492,300	747,300
2027 - 2031	1,915,000	2,213,250	4,128,250
2032 - 2036	3,240,000	1,635,375	4,875,375
2037 - 2041	4,750,000	1,002,219	5,752,219
2042 - 2044	3,755,000	188,419	3,943,419
Total	\$ 14,600,000	\$ 7,602,638	\$ 22,202,638

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. Capital Leases

On December 27, 2009, the District has entered into an agreement to lease solar equipment and improvements, valued at \$2,629,385. The agreement provides for title to pass upon expiration of the lease term. The capital lease was paid in full as of June 30, 2021.

D. Other Postemployment Benefits

The District’s beginning total OPEB liability was \$1,104,372 and increased by \$110,772 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$1,215,144. See Note 10 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District’s beginning net pension liability was \$24,881,396 and increased by \$1,452,502 during the year ended June 30, 2021. The ending net pension liability at June 30, 2020 was \$26,333,898. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 3,000	\$ -	\$ -	\$ 3,000
Total non-spendable	3,000	-	-	3,000
Restricted				
Educational programs	1,618,055	-	-	1,618,055
Food service	-	-	16,907	16,907
Capital projects	-	3,291,318	168,714	3,460,032
Debt service	-	-	1,661,973	1,661,973
Total restricted	1,618,055	3,291,318	1,847,594	6,756,967
Unassigned	3,693,821	-	-	3,693,821
Total Fund Balance	\$ 5,314,876	\$ 3,291,318	\$ 1,847,594	\$ 10,453,788

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. While the State minimum reserve requirement is 3%, the District’s Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 10 percent of General Fund expenditures and other financing uses.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Miller Creek School District's Other Postemployment Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan is described below. Retirees are offered a choice of three fully-insured medical/prescription drug options from Kaiser. In addition, all groups are offered dental benefits through Delta Dental. The retiree rates are substantially higher than corresponding rates for active employees, so we have concluded that there is no implicit subsidy for valuation purposes. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below. (Some grandfathered certificated retirees receive additional benefits under a recent retirement incentive.)

Certificated employees (including management) who attain age 55 and have completed at least five years of service, and Classified employees (including confidential and management) who attain age 55 and have completed at least 10 years of service, are eligible to retire with District-paid medical/prescription drug and dental coverages, to a maximum of \$425 per month. Benefits are paid for five years regardless of Medicare eligibility and are subject to rules described below. Employees must be at least 50% full-time equivalent (or 20 hours/week or greater) to be eligible.

Once the five years of benefits end, retirees who continue in the District medical plan are eligible to receive a lifetime District contribution of \$7.40 per month. This benefit will no longer apply beginning in 2021 (when the District changes insurance providers to the Self-Insured Schools of California).

Employees must be participating in the medical plan at the time of retirement to be eligible for full benefits. Employees who waived medical coverage prior to retirement and are only participating in the dental plan will receive a District contribution equal to the dental premium only, including the cost of spousal coverage if applicable. Retirees are allowed to drop medical coverage within the first 5 years and continue to receive their full \$425 per month contribution provided the funds are used to purchase medical insurance elsewhere. However, participation in the dental plan is required for new retirees to continue their benefit eligibility.

Medicare-eligible retirees in the first five years of retirement whose total premiums (medical plus dental) are less than \$425 per month receive a monthly check from the District for the balance. It is required that this cash payment be used to cover Medicare Part B expenses and/or other supplemental coverages; proof of eligible expenses may be requested by the District.

C. Contributions

For fiscal year 2020-21, the District contributed \$150,886 to the Plan, all of which was used for current premiums.

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), (continued)

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	62
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>184</u>
Total number of participants**	<u>246</u>

*Information not provided

**As of the July 1, 2020 valuation date

E. Total OPEB Liability

The Miller Creek School District's total OPEB liability of \$1,215,144 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

F. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Discount rate	1.92%
Salary increases	3.00%
Healthcare cost trend rates	5.80%

Non-economic assumptions:

Preretirement Mortality:

Certificated	Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018)
Classified	Preretirement Mortality Rates from CalPERS Experience Study (1997-2015)

Postretirement Mortality:

Certificated	Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018).
Classified	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

The actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2020.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service cost	\$ 99,225
Interest on total OPEB liability	30,085
Changes of benefit terms	(104,039)
Difference between expected and actual experience	181,192
Changes of assumptions	55,195
Benefits payments	<u>(150,886)</u>
Net change in total OPEB liability	110,772
Total OPEB liability - beginning	<u>1,104,372</u>
Total OPEB liability - ending	<u>\$ 1,215,144</u>
Covered-employee payroll	\$ 15,106,465
District's total OPEB liability as a percentage of covered-employee payroll	8.04%

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

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(0.92%)	(1.92%)	(2.92%)
Total OPEB liability	\$ 1,280,138	\$ 1,215,144	\$ 1,153,740

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The following presents the total OPEB liability of the Miller Creek School District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (4.80 percent) or one percentage point higher (6.80 percent) than the current healthcare cost trend rate:

	1% Decrease (4.80%)	Valuation Trend Rate (5.80%)	1% Increase (6.80%)
Total OPEB liability	\$ 1,202,495	\$ 1,215,144	\$ 1,228,338

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

For the fiscal year ended June 30, 2021, the Miller Creek School District recognized OPEB expense of \$56,781. At June 30, 2021, the Miller Creek School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,962	\$ 41,625
Changes in assumptions	98,980	-
Total	\$ 256,942	\$ 41,625

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 40,970	\$ 9,460
2023	40,970	9,460
2024	40,970	9,460
2025	40,970	9,460
2026	38,510	3,785
Thereafter	54,552	-
Total	\$ 256,942	\$ 41,625

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS

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

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 18,688,541	\$ 4,260,350	\$ 1,071,571	\$ 2,143,063
PERS Pension	7,645,357	1,339,483	45,447	1,305,270
Total	<u>\$ 26,333,898</u>	<u>\$ 5,599,833</u>	<u>\$ 1,117,018</u>	<u>\$ 3,448,333</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,709,803 for the year ended June 30, 2021.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,090,283 to CalSTRS.

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	\$	18,688,541
State's proportionate share of the net pension liability associated with the District		<u>9,633,867</u>
Total	\$	<u>28,322,408</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 applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District’s proportion was 0.019 percent, which decreased 0.01 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,143,063. In addition, the District recognized pension expense and revenue of \$301,217 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 443,932	\$ -
Differences between expected and actual experience	32,977	527,049
Changes in assumptions	1,822,397	-
Changes in proportion and differences between District contributions and proportionate share of contributions	251,241	544,522
District contributions subsequent to the measurement date	<u>1,709,803</u>	<u>-</u>
Total	\$ 4,260,350	\$ 1,071,571

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

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

The \$1,709,803 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 427,185	\$ 280,502
2023	849,515	243,479
2024	902,220	236,056
2025	303,628	127,172
2026	39,649	120,065
2027	28,350	64,297
Total	\$ 2,550,547	\$ 1,071,571

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

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

*20-year geometric average

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 28,235,782	\$ 18,688,541	\$ 10,805,949

Pension Plan Fiduciary Net Position

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

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

A. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$734,668 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$7,645,357 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.25 percent, which did not change from its proportion measured as of June 30, 2019.

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2021, the District recognized pension expense of \$1,305,270. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 159,152	\$ -
Differences between expected and actual experience	379,186	-
Changes in assumptions	28,036	-
Changes in proportion and differences between District contributions and proportionate share of contributions	38,441	45,447
District contributions subsequent to the measurement date	734,668	-
Total	<u>\$ 1,339,483</u>	<u>\$ 45,447</u>

The \$734,668 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 209,625	\$ 45,447
2023	178,907	-
2024	140,286	-
2025	75,997	-
Total	<u>\$ 604,815</u>	<u>\$ 45,447</u>

**MILLER CREEK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

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

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

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

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

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 10,991,594	\$ 7,645,357	\$ 4,868,147

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 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

B. Litigation

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

C. Construction Commitments

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

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under a joint powers authority (JPA), the Marin Schools Insurance Authority. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units, and its financial statements are not presented in these financial statements. However, fund transactions between the JPA and the District are included in these statements. The audited financial statements are generally available directly from the entity.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to pensions was \$5,599,833 and total deferred inflows related to pensions was \$1,117,018.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$256,942 and total deferred inflows related to other postemployment benefits was \$41,625.

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The amounts previously reported at June 30, 2020 as the ending net position for Governmental Activities have been restated due to the total of buildings in the capital asset schedule. It was noted that the total of buildings was not accurately stated in previous years due to an audit adjustment. The June 30, 2020 ending balances have been restated as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ (14,281,746)
Restatement	196,193
Net Position - Beginning, as Restated	<u>\$ (14,085,553)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MILLER CREEK SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 17,756,043	\$ 18,127,378	\$ 18,172,415	\$ 45,037
Federal sources	506,564	1,358,902	1,346,732	(12,170)
Other state sources	1,402,491	1,595,952	3,082,044	1,486,092
Other local sources	4,500,130	4,089,373	4,370,763	281,390
Total Revenues	24,165,228	25,171,605	26,971,954	1,800,349
EXPENDITURES				
Certificated salaries	10,594,016	10,683,797	11,104,728	(420,931)
Classified salaries	3,995,486	3,830,175	3,950,053	(119,878)
Employee benefits	5,787,113	5,965,233	6,307,899	(342,666)
Books and supplies	693,924	1,786,289	1,396,798	389,491
Services and other operating expenditures	3,082,370	3,446,008	2,832,419	613,589
Other outgo				
Excluding transfers of indirect costs	937,589	937,589	810,699	126,890
Total Expenditures	25,090,498	26,649,091	26,402,596	246,495
Excess (Deficiency) of Revenues Over Expenditures	(925,270)	(1,477,486)	569,358	2,046,844
Other Financing Sources (Uses)				
Transfers in	1,121,000	1,121,000	1,121,000	-
Transfers out	(191,000)	(191,000)	(62,500)	128,500
Net Financing Sources (Uses)	930,000	930,000	1,058,500	128,500
NET CHANGE IN FUND BALANCE				
	4,730	(547,486)	1,627,858	2,175,344
Fund Balance - Beginning	3,687,018	3,687,018	3,687,018	-
Fund Balance - Ending	\$ 3,691,748	\$ 3,139,532	\$ 5,314,876	\$ 2,175,344

See accompanying note to required supplementary information.

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 99,225	\$ 95,058	\$ 90,555	\$ 52,864
Interest on total OPEB liability	30,085	34,195	35,294	39,023
Changes of benefit terms	(104,039)	-	-	-
Difference between expected and actual experience	181,192	-	(70,005)	-
Changes of assumptions	55,195	45,907	30,388	-
Benefits payments	(150,886)	(135,407)	(132,328)	(117,291)
Net change in total OPEB liability	110,772	39,753	(46,096)	(25,404)
Total OPEB liability - beginning	1,104,372	1,064,619	1,110,715	1,136,119
Total OPEB liability - ending	<u>\$ 1,215,144</u>	<u>\$ 1,104,372</u>	<u>\$ 1,064,619</u>	<u>\$ 1,110,715</u>
Covered-employee payroll	\$ 15,106,465	\$ 14,886,943	\$ 14,991,512	\$ 13,106,051
District's total OPEB liability as a percentage of covered-employee payroll	8.04%	7.42%	7.10%	8.47%

See accompanying note to required supplementary information.

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.019%	0.020%	0.019%	0.019%	0.020%	0.021%	0.020%
District's proportionate share of the net pension liability	\$ 18,688,541	\$ 17,671,304	\$ 17,859,550	\$ 17,931,108	\$ 16,480,894	\$ 14,178,436	\$ 11,671,424
State's proportionate share of the net pension liability associated with the District	9,633,867	9,640,408	10,225,478	10,607,979	9,383,660	7,498,809	7,073,333
Total	\$ 28,322,408	\$ 27,311,712	\$ 28,085,028	\$ 28,539,087	\$ 25,864,554	\$ 21,677,245	\$ 18,744,757
District's covered payroll	\$ 10,584,316	\$ 10,628,021	\$ 10,461,745	\$ 10,372,040	\$ 10,076,401	\$ 8,964,602	\$ 8,895,879
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.6%	166.3%	170.7%	172.9%	163.6%	158.2%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**MILLER CREEK SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.025%	0.025%	0.024%	0.025%	0.027%	0.028%	0.028%
District's proportionate share of the net pension liability	\$ 7,645,357	\$ 7,211,092	\$ 6,476,410	\$ 6,021,843	\$ 5,348,165	\$ 4,118,187	\$ 3,169,628
District's covered payroll	\$ 3,649,361	\$ 3,468,682	\$ 3,069,827	\$ 3,216,779	\$ 3,235,980	\$ 2,931,991	\$ 2,930,930
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.5%	207.9%	211.0%	187.2%	165.3%	140.5%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,709,803	\$ 1,786,745	\$ 1,713,361	\$ 1,495,260	\$ 1,301,144	\$ 1,080,947	\$ 899,655
Contributions in relation to the contractually required contribution*	(1,709,803)	(1,786,745)	(1,713,361)	(1,495,260)	(1,301,144)	(1,080,947)	(899,655)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,825,362	\$ 10,584,316	\$ 10,628,021	\$ 10,461,745	\$ 10,372,040	\$ 10,076,401	\$ 8,964,602
Contributions as a percentage of covered payroll	15.79%	16.88%	16.12%	14.29%	12.54%	10.73%	10.04%

*Amounts do not include on-behalf contributions

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 734,668	\$ 714,410	\$ 619,347	\$ 478,182	\$ 446,941	\$ 282,872	\$ 364,586
Contributions in relation to the contractually required contribution*	(734,668)	(714,410)	(619,347)	(478,182)	(446,941)	(282,872)	(364,586)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,515,580	\$ 3,649,361	\$ 3,468,682	\$ 3,069,827	\$ 3,216,779	\$ 3,235,980	\$ 2,931,991
Contributions as a percentage of covered payroll	20.90%	19.58%	17.86%	15.58%	13.89%	8.74%	12.43%

*Amounts do not include on-behalf contributions

**MILLER CREEK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms.

Changes in Assumptions

The discount rate changed from 2.45% to 1.92%. The healthcare trend rate changed from 6% to 5.8%.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

**MILLER CREEK SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 10,683,797	\$ 11,104,728	\$ 420,931
Classified salaries	\$ 3,830,175	\$ 3,950,053	\$ 119,878
Employee benefits	\$ 5,965,233	\$ 6,307,899	\$ 342,666

SUPPLEMENTARY INFORMATION

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 95,740
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	6,330
Title III, English Learner Student Program	84.365	14346	6,502
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	2,907
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	230,440
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	16,942
Subtotal Special Education Cluster			<u>247,382</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	97,536
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	45,442
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	212,332
Subtotal Education Stabilization Fund Discretionary Grants			<u>355,310</u>
Total U. S. Department of Education			<u>714,171</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	120,951
USDA Commodities [2]	10.555	*	11,577
Subtotal Child Nutrition Cluster			<u>132,528</u>
Total U. S. Department of Agriculture			<u>132,528</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	632,561
Total U. S. Department of the Treasury			<u>632,561</u>
Total Federal Expenditures			<u>\$ 1,479,260</u>

[1] - Major Program

[2] - In-Kind Contribution

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

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

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

**MILLER CREEK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis				
Revenues And Other Financing Sources	\$ 27,156,327	\$ 28,092,954	\$ 26,148,111	\$ 26,286,588
Expenditures And Other Financing Uses	27,718,649	26,465,096	25,791,728	25,864,888
Net change in Fund Balance	<u>\$ (562,322)</u>	<u>\$ 1,627,858</u>	<u>\$ 356,383</u>	<u>\$ 421,700</u>
Ending Fund Balance	<u>\$ 4,752,554</u>	<u>\$ 5,314,876</u>	<u>\$ 3,687,018</u>	<u>\$ 3,330,635</u>
Available Reserves*	<u>\$ 3,497,084</u>	<u>\$ 3,693,821</u>	<u>\$ 2,749,761</u>	<u>\$ 2,379,687</u>
Available Reserves As A Percentage Of Outgo	<u>12.62%</u>	<u>13.96%</u>	<u>10.66%</u>	<u>9.20%</u>
Long-term Liabilities	<u>\$ 59,554,133</u>	<u>\$ 60,613,463</u>	<u>\$ 60,693,067</u>	<u>\$ 61,303,274</u>
Average Daily Attendance At P-2**	<u>1,939</u>	<u>1,939</u>	<u>1,939</u>	<u>1,908</u>

The General Fund balance has increased by \$1,984,241 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$562,322. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have decreased by \$689,811 over the past two years.

Average daily attendance has increased by 31 ADA over the past two years. No change is anticipated during the 2021-22 fiscal year.

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

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

**MILLER CREEK SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	Cafeteria Fund
June 30, 2021, annual financial and budget report fund balance	\$ 6,733
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Accounts receivable adjustment	10,174
Net adjustments and reclassifications	10,174
June 30, 2021, audited financial statement fund balance	<u>\$ 16,907</u>

**MILLER CREEK SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 1,344	\$ 60,986	\$ 107,728	\$ 1,661,924	\$ 91,884	\$ 1,923,866
Accounts receivable	16,175	-	-	-	-	16,175
Total Assets	\$ 17,519	\$ 60,986	\$ 107,728	\$ 1,661,924	\$ 91,884	\$ 1,940,041
LIABILITIES						
Accrued liabilities	\$ 612	\$ -	\$ -	\$ -	\$ -	\$ 612
Due to other funds	-	-	-	-	91,835	91,835
Total Liabilities	612	-	-	-	91,835	92,447
FUND BALANCES						
Restricted	16,907	60,986	107,728	1,661,924	49	1,847,594
Total Fund Balances	16,907	60,986	107,728	1,661,924	49	1,847,594
Total Liabilities and Fund Balance	\$ 17,519	\$ 60,986	\$ 107,728	\$ 1,661,924	\$ 91,884	\$ 1,940,041

See accompanying note to supplementary information.

**MILLER CREEK SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ 132,528	\$ -	\$ -	\$ -	\$ -	\$ 132,528
Other state sources	2,816	-	-	10,626	-	13,442
Other local sources	15	207	6,186	1,927,828	628	1,934,864
Total Revenues	135,359	207	6,186	1,938,454	628	2,080,834
EXPENDITURES						
Current						
Pupil services						
Food services	152,885	-	-	-	-	152,885
General administration						
All other general administration	-	-	5,618	-	-	5,618
Facilities acquisition and maintenance	-	91,010	-	-	-	91,010
Debt service						
Principal	-	-	-	840,000	-	840,000
Interest and other	-	-	-	1,127,219	-	1,127,219
Total Expenditures	152,885	91,010	5,618	1,967,219	-	2,216,732
Excess (Deficiency) of Revenues Over Expenditures	(17,526)	(90,803)	568	(28,765)	628	(135,898)
Other Financing Sources (Uses)						
Transfers in	23,000	89,092	-	-	-	112,092
Transfers out	-	-	-	-	(91,835)	(91,835)
Net Financing Sources (Uses)	23,000	89,092	-	-	(91,835)	20,257
NET CHANGE IN FUND BALANCE	5,474	(1,711)	568	(28,765)	(91,207)	(115,641)
Fund Balance - Beginning	11,433	62,697	107,160	1,690,689	91,256	1,963,235
Fund Balance - Ending	\$ 16,907	\$ 60,986	\$ 107,728	\$ 1,661,924	\$ 49	\$ 1,847,594

See accompanying note to supplementary information.

**MILLER CREEK SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2021**

The Miller Creek School District was founded in 1864, making it one of the oldest school districts in Marin County. The District operates three elementary schools and one middle school, and serves the northern San Rafael communities of Terra Linda, Marinwood, Lucas Valley and a portion of Contempo Marin in Marin County, California. There were no changes in the boundaries of the District during the current year.

GOVERNING BOARD

Member	Office	Term Expires
Alissa Chacko	President	December 2024
Megan Hutchinson	Vice President	December 2022
Barrett Schaefer	Clerk	December 2022
Brad Honsberger	Trustee	December 2024
Brooks Nguyen	Trustee	December 2022

DISTRICT ADMINISTRATORS

Becky Rosales
Superintendent

Vacant*
Chief Business Official

Kristy Treewater
Assistant Superintendent of Educational Services

Philippa Rosenblatt
Director of Special Education

**Vina Guzman is serving as interim Chief Business Official until the position is filled.*

**MILLER CREEK SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Miller Creek School District
San Rafael, 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 Miller Creek School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Miller Creek School District's basic financial statements, and have issued our report thereon dated January 18, 2022 that included an unmodified opinion on the governmental activities, each major fund and the aggregate remaining fund information and an adverse opinion on the discretely presented component unit. The report on the financial statements included an adverse opinion on the discretely presented component unit because the financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Miller Creek School District's internal control over financial reporting (internal control) to determine the 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 Miller Creek School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Miller Creek School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Miller Creek 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 determination of financial statement amounts. 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.

Christy White, Inc.

San Diego, California
January 18, 2022

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

Governing Board
Miller Creek School District
San Rafael, California

Report on Compliance for Each Major Federal Program

We have audited Miller Creek School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Miller Creek School District's major federal programs for the year ended June 30, 2021. Miller Creek 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 Miller Creek 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 Miller Creek 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 Miller Creek School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Miller Creek 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 Miller Creek 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 Miller Creek 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.

Christy White, Inc.

San Diego, California
January 18, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Miller Creek School District
San Rafael, California

Report on State Compliance

We have audited Miller Creek School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Miller Creek School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Miller Creek School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Miller Creek School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Miller Creek School District's compliance with those requirements.

Opinion on State Compliance

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

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
January 18, 2022

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**MILLER CREEK SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unmodified with Adverse
Opinion on Discretely
Presented Component Units

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None Reported

Non-compliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major program:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None Reported

Type of auditors' report issued:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with Uniform Guidance 2 CFR 200.516(a)?

No

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund (CRF):
Learning Loss Mitigation

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

\$ 750,000

Auditee qualified as low-risk auditee?

No

STATE AWARDS

Internal control over state programs:

Material weaknesses identified?

No

Significant deficiency(ies) identified?

None Reported

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

Unmodified

**MILLER CREEK SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

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

**MILLER CREEK SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

**MILLER CREEK SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

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

**MILLER CREEK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-001: SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: School Accountability Report Cards (SARCs), should contain information regarding school facility conditions, as indicated in the most recently prepared facility inspection tool (FIT) form or a local evaluation instrument that meets the same criteria, as per Education Code Sections 33126(b)(8) and 1700(d).

Condition: During our testing of the SARCs at selected school sites, we noted a difference in the reporting of facility conditions as compared to the Facility Inspection Tool from (FIT form). The difference is noted below:

Mary E Silveira Elementary School

- The safety category was reports as fair on the FIT form, while the SARC displayed this category as good.

Cause: Clerical error.

Effect: The District is not in compliance with the related sections of California Education Code.

Questioned Cost: There are no questioned costs associated with this finding.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the facility information presented in the SARC reflect the FIT form.

Corrective Action Plan: After the Business Division submits the FIT reports to Ed. Services for transposition of the FIT summaries into the SARC, the Business Department will work with Ed. Services to review the data input and check for clerical typos as a second pair of eyes to ensure data transposition is accurate.

Current Status: Implemented.

**MILLER CREEK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-002: ATTENDANCE REPORTING (10000)

Criteria: The Second Period and Annual reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency’s Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

Condition: During the testing of average daily attendance for the District’s second reporting period and annual attendance reports, the auditor noted the following:

Second Period Attendance Report

- Regular ADA: Total net understatement of 21.27 ADA, resulting from 21.27 ADA understatement in Grades TK/K-3.

Annual Attendance Report

- Regular ADA: Total net understatement of 21.27 ADA, resulting from 21.27 ADA understatement in Grades TK/K-3.

Cause: Controls over attendance reporting are not in place to assure that the amounts reported on the Second Period and Annual Attendance Reports are accurate.

Effect: Incorrect reporting of Regular ADA in the Second Period and Annual Attendance Reports can result in noncompliance with state regulations.

Questioned Costs: The fiscal impact is \$188,118.47 owed to the District, as calculated in the table below. The errors noted for the District’s P2 Attendance Report have been revised to reflect the revised P2 report listed on the Schedule of Average Daily Attendance.

	P2 ADA Understatement (Overstatement)	2019-20 Derived Value of ADA by Grade Span	Questioned Cost
Grade TK-3	21.27	\$ 8,844.31	\$ 188,118.47
Total	21.27		188,118.47

There is no question cost related to the error noted for the Annual Attendance Report since the District is not funded on Annual Attendance. The District’s Annual Attendance Report has been revised to reflect the revised Annual report listing on the Schedule of Average Daily Attendance

**MILLER CREEK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINDING #2020-002: ATTENDANCE REPORTING (10000) (continued)

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that proper procedures be established to ensure that the data within the attendance system and data reported on the Second Period and Annual Attendance Reports are accurate.

Corrective Action Plan: Upon collection of attendance reports from the Aeries attendance system, the accountant will conduct a comparative analysis of grade cohorts between prior year and current year attendance reports to ensure accurate cohort advancement and reporting. The accountant will confer with attendance clerks and secretaries at each site to confirm that each grade level ADA is accurate according to records at each site for the respective children at those grade levels as a double check on reports input into the Aeries system.

Current Status: Confirmed through inquiry that the P2 report was revised and the finding was implemented.