

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
COUNTY OF SONOMA  
HEALDSBURG, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2022**



ALEXANDER VALLEY UNION SCHOOL DISTRICT

JUNE 30, 2022

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TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Notes to the Basic Financial Statements	22
<u>REQUIRED SUPPLEMENTARY INFORMATION SECTION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	55
Schedule of Changes in Total OPEB Liability and Related Ratios	56
Schedule of the Proportionate Share of the Net Pension Liability - CalSTRS	57
Schedule of the Proportionate Share of the Net Pension Liability - CalPERS	58
Schedule of Contributions - CalSTRS	59
Schedule of Contributions - CalPERS	60
Notes to Required Supplementary Information	61

ALEXANDER VALLEY UNION SCHOOL DISTRICT

JUNE 30, 2022

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TABLE OF CONTENTS (CONCLUDED)

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Organization/Board of Trustees/Administration	63
Combining Statements:	
Combining Balance Sheet - Non-Major Governmental Funds	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	65
Schedule of Average Daily Attendance	66
Schedule of Instructional Time	67
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	68
Schedule of Financial Trends and Analysis	69
Notes to Supplementary Information	70
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Independent Auditor's Report on State Compliance	73
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	77
Section II - Financial Statement Findings	78
Section III - State Award Findings and Questioned Costs	81
Status of Prior Year Recommendations	82

## FINANCIAL SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Alexander Valley Union School District  
Healdsburg, California

**Report on the Audit of the Financial Statements**

*Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Valley Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Valley Union School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alexander Valley Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Concluded)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alexander Valley Union School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alexander Valley Union School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alexander Valley Union School District's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Concluded)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alexander Valley Union School District's basic financial statements. The accompanying combining non-major fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the Alexander Valley Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alexander Valley Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexander Valley Union School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 15, 2022

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of Alexander Valley Union School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 4, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 21, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

**FINANCIAL HIGHLIGHTS**

- The District's financial status improved during the 2021-22 fiscal year, as total net position increased \$276,535 or 7.9%.
- Net capital assets increased \$5,431,614 due to \$5,553,683 of current year additions related to the MPR and Classroom Project offset by \$122,069 of depreciation expense.
- Total long-term liabilities decreased \$958,682 due primarily to the decrease in the District's proportionate share of the net pension liabilities.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 5% of total General Fund expenditures, transfers out, and other financing uses (total outgo). During fiscal year 2021-22, General Fund expenditures and other financing uses totaled \$3,038,869. At June 30, 2022, the District had available reserves of \$1,160,847, which represents a reserve of 38.2%.

**THE FINANCIAL REPORT**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. 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 and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements. Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, all amounts presented represent governmental activities, since the District does not provide any services that should be considered business-type activities.

The basic services provided by the District, such as regular education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of local revenues and state and federal programs.

**Reporting the District's Most Significant Funds**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

The major governmental funds of Alexander Valley Union School District are the General Fund, Building Fund, and Capital Projects - Special Reserve Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The District's net position increased from \$3,496,404 at June 30, 2021, up to \$3,772,939 at June 30, 2022, an increase of 7.9%.

<b><u>Comparative Statement of Net Position</u></b>		
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2022</u>
<u>Assets</u>		
Deposits and Investments	\$ 7,415,979	\$ 2,570,499
Receivables	142,801	49,065
Prepaid Expenses	29,831	19,864
Capital Assets, net	4,348,164	9,779,778
Total Assets	<u>11,936,775</u>	<u>12,419,206</u>
<u>Deferred Outflows of Resources</u>		
OPEB Deferrals	9,604	9,436
Pension Deferrals	575,782	665,407
Total Deferred Outflows of Resources	<u>585,386</u>	<u>674,843</u>
<u>Liabilities</u>		
Current	676,799	1,023,369
Long-term	8,201,159	7,313,841
Total Liabilities	<u>8,877,958</u>	<u>8,337,210</u>
<u>Deferred Inflows of Resources</u>		
Pension Deferrals	147,799	983,900
<u>Net Position</u>		
Net Investment in Capital Assets	2,995,618	3,892,645
Restricted	324,167	247,178
Unrestricted (Deficit)	176,619	(366,884)
Total Net Position	<u>\$ 3,496,404</u>	<u>\$ 3,772,939</u>

*Table includes financial data of the combined governmental funds*

The unrestricted deficit balance, presented above, is a result of the District's requirement to record liabilities and deferred outflows and inflows in the financial statements to reflect the District's total OPEB liability and proportionate share of the net pension liabilities and deferred outflows and inflows related to its participation in the CalSTRS and CalPERS pension plans.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

The District's total current year revenues exceeded total current year expenses by \$276,535.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	Governmental Activities	
	2021	2022
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 27,263	\$ 44,416
Operating Grants & Contributions	304,095	351,885
<b><u>General Revenues</u></b>		
Taxes Levied	1,908,621	1,998,046
Federal & State Aid	370,842	339,022
Interest & Investment Earnings	20,129	(58,601)
Transfers From Other Agencies	5,823	6,017
Miscellaneous	158,231	672,780
<b>Total Revenues</b>	<b>2,795,004</b>	<b>3,353,565</b>
<b><u>Expenses</u></b>		
Instruction	1,713,749	1,453,415
Instruction-Related Services	410,763	383,783
Pupil Services	179,214	415,024
General Administration	265,670	252,875
Plant Services	232,684	297,125
Community Services	4,044	54,007
Interest on Long-Term Debt	223,748	220,801
<b>Total Expenses</b>	<b>3,029,872</b>	<b>3,077,030</b>
<b>Changes in Net Position</b>	<b>\$ (234,868)</b>	<b>\$ 276,535</b>

*Table includes financial data of the combined governmental funds*

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

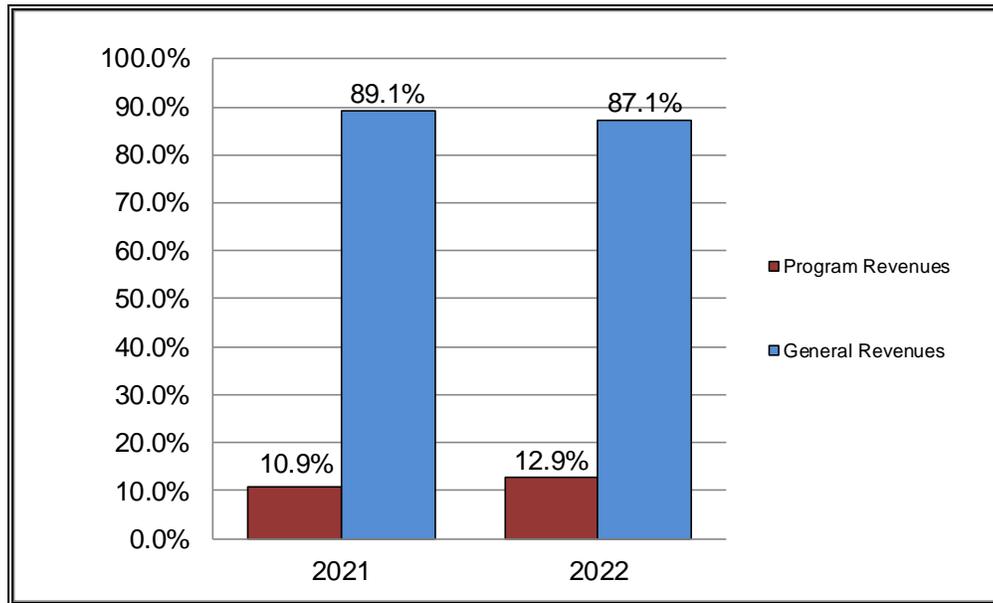
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

	Total Cost of Services		Net Cost of Services	
	2021	2022	2021	2022
	Instruction	\$ 1,713,749	\$ 1,453,415	\$ 1,482,781
Instruction-Related Services	410,763	383,783	398,379	367,262
Pupil Services	179,214	415,024	165,500	377,876
General Administration	265,670	252,875	259,820	246,394
Plant Services	232,684	297,125	164,626	253,258
Community Services	4,044	54,007	3,660	53,248
Interest on Long-Term Debt	223,748	220,801	223,748	220,801
<b>Totals</b>	<b>\$ 3,029,872</b>	<b>\$ 3,077,030</b>	<b>\$ 2,698,514</b>	<b>\$ 2,680,729</b>

*Table includes financial data of the combined governmental funds*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$2,680,729 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



For fiscal year 2021-22, program revenues financed 12.9% of the total cost of providing the services listed above, while the remaining 87.1% was financed by the general revenues of the District.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

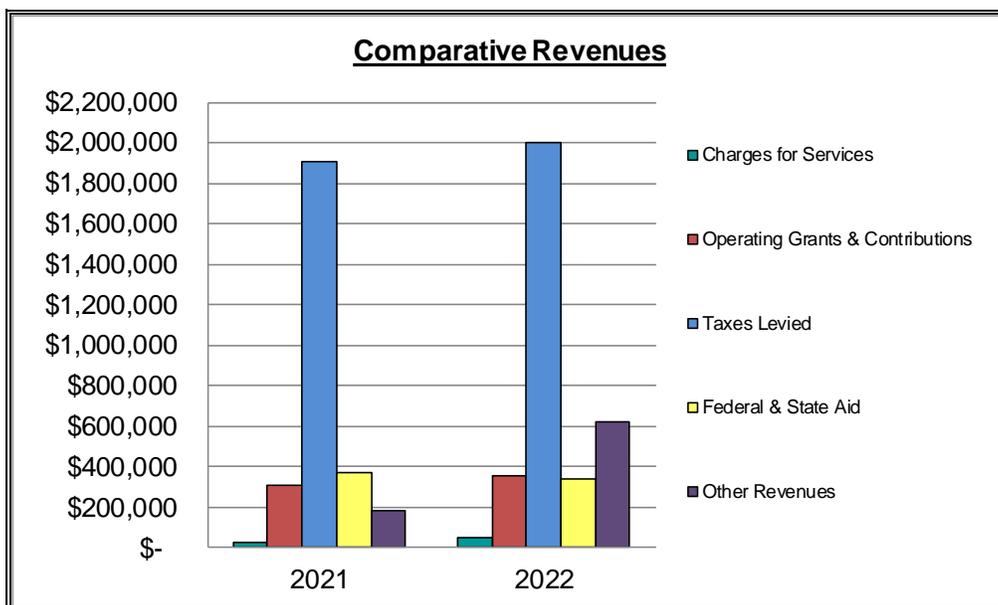
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Revenues For Governmental Functions**

	<u>FYE 2021 Amount</u>	<u>Percent of Total</u>	<u>FYE 2022 Amount</u>	<u>Percent of Total</u>
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 27,263	0.98%	\$ 44,416	1.32%
Operating Grants & Contributions	304,095	10.88%	351,885	10.49%
<b><u>General Revenues</u></b>				
Taxes Levied	1,908,621	68.29%	1,998,046	59.58%
Federal & State Aid	370,842	13.27%	339,022	10.11%
Other Revenues	184,183	6.59%	620,196	18.49%
<b>Total Revenues</b>	<b><u>\$ 2,795,004</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 3,353,565</u></b>	<b><u>100.00%</u></b>

*Table includes financial data of the combined governmental funds*



**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

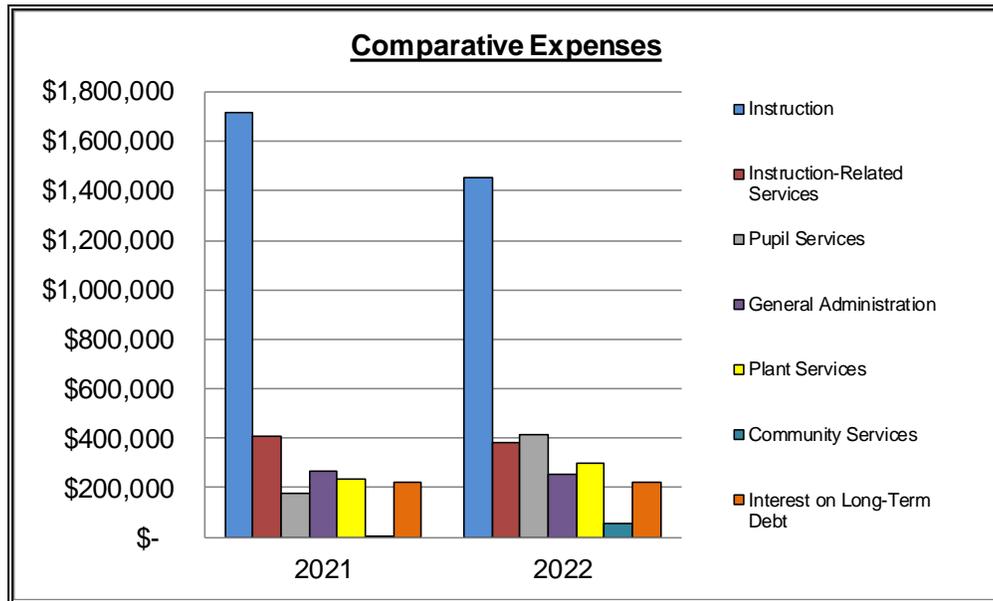
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Expenses For Governmental Functions**

<u>Expenses</u>	<u>FYE 2021 Amount</u>	<u>Percent of Total</u>	<u>FYE 2022 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 1,713,749	56.56%	\$ 1,453,415	47.23%
Instruction-Related Services	410,763	13.56%	383,783	12.47%
Pupil Services	179,214	5.91%	415,024	13.49%
General Administration	265,670	8.77%	252,875	8.22%
Plant Services	232,684	7.68%	297,125	9.66%
Community Services	4,044	0.13%	54,007	1.76%
Interest on Long-Term Debt	223,748	7.38%	220,801	7.18%
<b>Total Expenses</b>	<b><u>\$ 3,029,872</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 3,077,030</u></b>	<b><u>100.00%</u></b>

*Table includes financial data of the combined governmental funds*



**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2022</u>
	Land	\$ 57,128
Works of Art	110,000	110,000
Construction-in-Progress	1,270,358	6,824,041
Sites and Improvements	18,168	15,058
Buildings and Improvements	2,719,675	2,627,392
Furniture and Equipment	172,835	146,159
Capital Assets, net	<u>\$ 4,348,164</u>	<u>\$ 9,779,778</u>

Net capital assets increased \$5,431,614 due to \$5,553,683 of current year additions related to the MPR and Classroom Project offset by \$122,069 of depreciation expense.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2022</u>
	Compensated Absences	\$ 50,077
General Obligation Bonds	5,515,000	5,440,000
Bond Premiums	463,897	447,133
Total OPEB Liability	120,379	116,619
Net Pension Liabilities	2,193,647	1,326,853
Totals	<u>\$ 8,343,000</u>	<u>\$ 7,384,318</u>

Total long-term liabilities decreased \$958,682 due primarily to the decrease in the District's proportionate share of the net pension liabilities.

The general obligation bonds are financed by local taxpayers and represent 73% of the District's total long-term liabilities. The compensated absences, total OPEB liabilities and net pension liabilities will be financed primarily by the General Fund.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

<b><u>Comparative Schedule of Fund Balances</u></b>			
	Fund Balances June 30, 2021	Fund Balances June 30, 2022	Increase (Decrease)
General	\$ 2,056,598	\$ 1,569,228	\$ (487,370)
Building	4,626,351	0	(4,626,351)
Capital Projects - Special Reserve	126,665	57,555	(69,110)
Deferred Maintenance	15,587	11,956	(3,631)
Cafeteria	3,863	3,288	(575)
Bond Interest & Redemption	227,805	134,626	(93,179)
Capital Facilities	95,075	6,939	(88,136)
Totals	\$ 7,151,944	\$ 1,783,592	\$ (5,368,352)

The fund balance of the General Fund decreased \$487,370 due partially to payments of legal obligations and a decrease in property tax revenue due the Kincade wildfire. The fund balance of the Building Fund decreased \$4,626,351 due to expenditures related to the Multi-Purpose Building and Classroom Project. The fund balances of all other funds decreased \$254,631.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

Decreased revenue growth for the District while expenses continue to increase at typical projections has prompted discussions with the Board and staff to find ways to ensure student and staff well-being while staying fiscally sound. The loss of property tax revenue due to the Kincade Wildfire continues to linger. A return to more stable increases has been projected by the Sonoma County Assessor's office with the trend is headed in a positive direction; however, the level of property tax revenue still lags. As the backlog of nearly a year's worth of property reassessments begins to ease, the staff will continuously monitor any changes and updates from the county offices.

Accordingly, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in addressing these situations in what has proven to be a challenging time for the community and education finance.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(PREPARED BY DISTRICT MANAGEMENT)

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact the Chief Business Official, Alexander Valley Union School District, 8511 Highway 128, Healdsburg, CA 95448.

## BASIC FINANCIAL STATEMENTS

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Current Assets:	
Deposits and Investments (Note 2)	\$ 2,570,499
Receivables (Note 3)	49,065
Prepaid Expenses (Note 1H)	19,864
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	6,991,169
Capital Assets, Net	2,788,609
Total Assets	12,419,206
<b><u>Deferred Outflows of Resources</u></b>	
OPEB Deferrals (Note 7)	9,436
Pension Deferrals (Note 8)	665,407
Total Deferred Outflows of Resources	674,843
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	824,017
Accrued Interest Payable	97,056
Unearned Revenue (Note 1H)	31,819
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	53,713
Bond Premiums	16,764
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 6)	5,440,000
Bond Premiums (Note 1H)	430,369
Total OPEB Liability (Note 7)	116,619
Net Pension Liabilities (Note 8)	1,326,853
Total Liabilities	8,337,210
<b><u>Deferred Inflows of Resources</u></b>	
Pension Deferrals (Note 8)	983,900
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	3,892,645
Restricted:	
For Capital Projects	6,939
For Debt Service	37,570
For Educational Programs	178,917
For Other Purposes	23,752
Unrestricted (Deficit)	(366,884)
Total Net Position	\$ 3,772,939

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<b><u>Governmental Activities</u></b>					
Instruction	\$ 1,453,415		\$ 291,525		\$ (1,161,890)
Instruction-Related Services:					
Instructional Library and Technology	10,830				(10,830)
School Site Administration	372,953		16,521		(356,432)
Pupil Services:					
Home-to-School Transportation	133,646				(133,646)
Food Services	10,017				(10,017)
Other Pupil Services	271,361		37,148		(234,213)
General Administration:					
Data Processing Services	1,200				(1,200)
Other General Administration	251,675		6,481		(245,194)
Plant Services	297,125	\$ 43,867			(253,258)
Community Services	54,007	549	210		(53,248)
Interest on Long-Term Debt	220,801				(220,801)
<b>Total Governmental Activities</b>	<b>\$ 3,077,030</b>	<b>\$ 44,416</b>	<b>\$ 351,885</b>	<b>\$ 0</b>	<b>(2,680,729)</b>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					1,773,117
Taxes Levied for Debt Service					224,929
Federal and State Aid - Unrestricted					339,022
Interest and Investment Earnings					(58,601)
Transfers from Other Agencies					6,017
Miscellaneous					672,780
<b>Total General Revenues</b>					<b>2,957,264</b>
Change in Net Position					276,535
Net Position - July 1, 2021					3,496,404
Net Position - June 30, 2022					<b>\$ 3,772,939</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>General</b>	<b>Building</b>	<b>Capital Projects - Special Reserve</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>					
Deposits and Investments (Note 2)	\$ 1,563,741	\$ 586,540	\$ 266,565	\$ 153,653	\$ 2,570,499
Receivables (Note 3)	45,778			3,287	49,065
Prepaid Expenditures (Note 1H)	19,864				19,864
Total Assets	<u>\$ 1,629,383</u>	<u>\$ 586,540</u>	<u>\$ 266,565</u>	<u>\$ 156,940</u>	<u>\$ 2,639,428</u>
<b><u>Liabilities and Fund Balances</u></b>					
Liabilities:					
Accounts Payable	\$ 28,336	\$ 586,540	\$ 209,010	\$ 131	\$ 824,017
Unearned Revenue (Note 1H)	31,819				31,819
Total Liabilities	<u>60,155</u>	<u>586,540</u>	<u>209,010</u>	<u>131</u>	<u>855,836</u>
Fund Balances: (Note 11)					
Nonspendable	20,464			100	20,564
Restricted	178,917			144,753	323,670
Committed				11,956	11,956
Assigned	209,000		57,555		266,555
Unassigned	1,160,847				1,160,847
Total Fund Balances	<u>1,569,228</u>	<u>0</u>	<u>57,555</u>	<u>156,809</u>	<u>1,783,592</u>
Total Liabilities and Fund Balances	<u>\$ 1,629,383</u>	<u>\$ 586,540</u>	<u>\$ 266,565</u>	<u>\$ 156,940</u>	<u>\$ 2,639,428</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 1,783,592

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

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 and accumulated depreciation are:

Capital Assets	\$ 11,492,482	
Accumulated Depreciation	(1,712,704)	
Net		9,779,778

Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported:

Deferred outflows of resources related to OPEB		9,436
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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 relating to pensions		665,407
Deferred inflows of resources relating to pensions		(983,900)

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:

Compensated Absences	\$ 53,713	
General Obligation Bonds	5,440,000	
Bond Premiums	447,133	
Total OPEB Liability	116,619	
Net Pension Liabilities	1,326,853	
Total		(7,384,318)

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:

(97,056)

**Total Net Position - Governmental Activities** \$ 3,772,939

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Building</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>					
LCFF Sources:					
State Apportionment / Transfers	\$ 304,005			\$ 12,000	\$ 316,005
Local Taxes	1,773,117				1,773,117
Total LCFF Sources	2,077,122			12,000	2,089,122
Federal Revenue	38,992			614	39,606
State Revenue	272,297			195	272,492
Local Revenue	163,088	\$ (5,130)	\$ 553,459	236,890	948,307
Total Revenues	2,551,499	(5,130)	553,459	249,699	3,349,527
<b><u>Expenditures</u></b>					
Current:					
Instruction	1,493,209				1,493,209
Instructional Library and Technology	10,318				10,318
School Site Administration	369,381				369,381
Home-To-School Transportation	111,458				111,458
Food Services				9,988	9,988
Other Pupil Services	259,540				259,540
Data Processing Services	1,200				1,200
Other General Administration	253,304				253,304
Plant Services	217,177			15,323	232,500
Facilities Acquisition and Construction	10,526	4,621,221	1,100,961	105,000	5,837,708
Community Services	53,865				53,865
Debt Service:					
Principal Retirement				75,000	75,000
Interest and Issuance Costs				238,800	238,800
Total Expenditures	2,779,978	4,621,221	1,100,961	444,111	8,946,271
Excess of Revenues (Under) Expenditures	(228,479)	(4,626,351)	(547,502)	(194,412)	(5,596,744)
<b><u>Other Financing Sources (Uses)</u></b>					
Operating Transfers In			250,000	8,891	258,891
Operating Transfers Out	(258,891)				(258,891)
Other Sources			228,392		228,392
Total Other Financing Sources (Uses)	(258,891)	0	478,392	8,891	228,392
Net Change in Fund Balances	(487,370)	(4,626,351)	(69,110)	(185,521)	(5,368,352)
Fund Balances - July 1, 2021	2,056,598	4,626,351	126,665	342,330	7,151,944
Fund Balances - June 30, 2022	\$ 1,569,228	\$ 0	\$ 57,555	\$ 156,809	\$ 1,783,592

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Net Change in Fund Balances - Governmental Funds** \$ (5,368,352)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

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:

Capital Outlay Expenditures	\$ 5,553,683	
Depreciation Expense	(122,069)	
Net		5,431,614

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are: 16,764

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 amounts earned. The difference between compensated absences paid and compensated absences earned was: (3,636)

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: 75,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from a prior period, was: 1,235

Other post employment benefits (OPEB): In governmental funds, OPEB costs 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: 3,592

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 120,318

**Change in Net Position of Governmental Activities** \$ 276,535

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Alexander Valley Union School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Trustees elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1952 and serves students in kindergarten through grade six.

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 has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under GASB 61.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*. In order for an organization to be classified as a component unit, all of the GASB 39 criteria must be met, as follows:

- The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government or its component units.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization.
- The economic resources received or held by the organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to remove the double-counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

Fund Financial Statements:

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

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

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state apportionments, the California Department of Education has defined available 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 grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

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

Expenses/Expenditures:

On an 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.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

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.

D. Fund Accounting

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

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

*Special Revenue Funds* - Special reserve funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

*Debt Service Funds* - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's accounts are organized into major and non-major funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. For financial reporting purposes the financial activities and balances of the Special Revenue - Special Reserve Fund and Special Reserve for Postemployment Benefits Fund have been combined with the General Fund.

The *Building Fund* is used to account for resources including bond proceeds from the Election of 2018 (Measure B) authorization to finance the renovation, construction and improvement of school facilities.

The *Capital Projects - Special Reserve Fund* is used to accumulate funds for major maintenance and capital outlay projects of the District.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Non-major Governmental Funds:

The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeteria program.

The *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provision of the California Environmental Quality Act (CEQA).

E. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 55.

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

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

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

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

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

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.

2. Prepaid Expenses / Expenditures

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year ended, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense / expenditure is reported in the year in which goods or services are consumed.

Reported prepaid expenses / expenditures is equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

3. Capital Assets (Concluded)

Capital assets, with the exception of land, works of art (deemed inexhaustible), and construction in progress, are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	10-20
Buildings and Improvements	10-50
Furniture and Equipment	8-20

4. Deferred Outflows/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.

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Other Post Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

8. 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 California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the obligation, when applicable. In fund financial statements, governmental funds recognize premiums, discounts, and issuance costs when the debt is issued. The face amount of the debt issued, premiums, discounts, and issuance costs are reported as other financing sources or uses.

10. Fund Balances

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

*Nonspendable Fund Balance* consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

*Restricted Fund Balance* consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (Governing Board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

10. Fund Balances (Concluded)

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

11. Local Control Funding Formula (LCFF)/Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

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

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

Since the amount of property taxes received by the District exceeds the amount of the LCFF entitlement, the District is considered to be a "basic aid" school district, and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion \$120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, consist of the following:

	Governmental Activities
Cash in Revolving Fund	\$ 700
County Pool Investments	2,569,799
Total	\$ 2,570,499

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

County Pool Investments

County pool investments consist of District cash held by the Sonoma County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations/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
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

General Authorization (Concluded)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Sonoma County Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 2,569,799	\$ 2,569,799	651

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. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

Custodial Credit Risk - Deposits (Concluded)

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, 2022, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if 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 Sonoma 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 are as follows at June 30, 2022:

Investment Type	Fair Value	Uncategorized
County Pool Investments	\$ 2,569,799	\$ 2,569,799

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

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 - RECEIVABLES**

Accounts receivable at June 30, 2022, consist of the following:

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 16,294		\$ 16,294
State Government	16,819		16,819
Local Governments	12,487	\$ 3,287	15,774
Miscellaneous	178		178
<b>Totals</b>	<b>\$ 45,778</b>	<b>\$ 3,287</b>	<b>\$ 49,065</b>

**NOTE 4 - INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**A. Balances Due To/Due From Other Funds**

There were no due from/due to other funds balances at June 30, 2022.

**B. Interfund Transfers**

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

The interfund transfers during fiscal year 2021-22 were as follows:

General Fund transfer to Cafeteria Fund for contribution to child nutrition program for salaries and benefits	\$ 8,891
General Fund transfer to Capital Projects - Special Reserve Fund contributions for additions and change orders for the Measure B project	250,000
<b>Total</b>	<b>\$ 258,891</b>

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the fiscal year ended June 30, 2022, is shown below:

	<u>Balances</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2022</u>
Capital Assets Not Being Depreciated:				
Land	\$ 57,128			\$ 57,128
Works of Art	110,000			110,000
Construction-in-Progress	<u>1,270,358</u>	<u>\$ 5,553,683</u>		<u>6,824,041</u>
Total Capital Assets Not Being Depreciated	<u>1,437,486</u>	<u>5,553,683</u>	<u>\$ 0</u>	<u>6,991,169</u>
Capital Assets Being Depreciated:				
Sites and Improvements	47,314			47,314
Buildings and Improvements	4,073,053			4,073,053
Furniture and Equipment	<u>380,946</u>			<u>380,946</u>
Total Capital Assets Being Depreciated	<u>4,501,313</u>	<u>0</u>	<u>0</u>	<u>4,501,313</u>
Less Accumulated Depreciation:				
Sites and Improvements	29,146	3,110		32,256
Buildings and Improvements	1,353,378	92,283		1,445,661
Furniture and Equipment	<u>208,111</u>	<u>26,676</u>		<u>234,787</u>
Total Accumulated Depreciation	<u>1,590,635</u>	<u>122,069</u>	<u>0</u>	<u>1,712,704</u>
Total Capital Assets Being Depreciated, Net	<u>2,910,678</u>	<u>(122,069)</u>	<u>0</u>	<u>2,788,609</u>
Capital Assets, Net	<u>\$ 4,348,164</u>	<u>\$ 5,431,614</u>	<u>\$ 0</u>	<u>\$ 9,779,778</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 49,410
Instruction-Related Services	16,718
Pupil Services	32,035
General Administration	10,963
Plant Services	<u>12,943</u>
Total	<u>\$ 122,069</u>

**NOTE 6 - GENERAL OBLIGATION BONDS**

The general obligation bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of taxes. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Sonoma County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)**

The District's outstanding general obligation debt, excluding \$447,133 of unamortized bond premiums, as of June 30, 2022 is as follows:

Year of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2022
2018	4.00-5.00	8/1/48	\$ 3,000,000	\$ 2,635,000			\$ 2,635,000
2020	2.00-4.00	8/1/49	3,000,000	2,880,000		\$ 75,000	2,805,000
			<u>\$ 6,000,000</u>	<u>\$ 5,515,000</u>	<u>\$ 0</u>	<u>\$ 75,000</u>	<u>\$ 5,440,000</u>

The annual requirements to amortize the general obligation bonds, as of June 30, 2022, is as follows:

Year Ended June 30	Principal	Interest	Totals
2023	\$ 0	\$ 235,800	\$ 235,800
2024	0	235,800	235,800
2025	0	235,800	235,800
2026	0	235,800	235,800
2027	10,000	235,700	245,700
2028-2032	215,000	1,165,100	1,380,100
2033-2037	590,000	1,079,525	1,669,525
2038-2042	1,130,000	890,450	2,020,450
2043-2047	1,905,000	550,775	2,455,775
2048-2052	1,590,000	97,200	1,687,200
Totals	<u>\$ 5,440,000</u>	<u>\$ 4,961,950</u>	<u>\$ 10,401,950</u>

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The District's defined benefit plan, Alexander Valley Union School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report.

*Plan Descriptions/Benefits Provided:* The District provides post employment medical benefits to employees hired prior to January 15, 1992, who have been covered by an approved medical plan and who have had at least 25 years of service prior to retirement. There are two participants in the plan and no other employees will qualify in the future. One retiree receives lifetime medical benefits equal to 100% of the required premium. The second retiree receives \$319 per month for life to pay for medical and dental benefits.

The retirees are responsible for any premium costs in excess of the District's contribution.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Employees covered by benefit terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2021 are as follows:

Inactive employees currently receiving benefit payments <sup>(1)</sup>	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees <sup>(2)</sup>	0
Total number of participants	2

<sup>(1)</sup> The average age of the remaining participants is 81.

<sup>(2)</sup> The Plan is closed to new participants

Total OPEB Liability

The District's total OPEB liability of \$116,619 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability was determined using a financial reporting actuarial valuation as of June 30, 2021, which used the following actuarial methods and assumptions:

Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Inflation	2.26%
Discount Rates	2.16% at June 30, 2021 2.21% at June 30, 2020
Healthcare cost trend rates	Medical 5.0% per year Dental and Vision 4.00% per year Retiree cap: No increase

Because the Plan is unfunded, the yield for the 20-year, tax-exempt general obligation municipal bond was used to determine the liability. The discount rate is based on the Bond Buyer 20-Bond General Obligation Index.

The mortality rates used in this valuation were those used in the 2016 CalSTRS valuations for female retirees. *CalSTRS 2016 Mortality* post-retirement with generational mortality factors 10% greater than ultimate MP-2016 factors.

There have been no other assumption changes since the last actuarial valuation.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

*Changes in the Total OPEB Liability*

	Total OPEB Liability
Balance at Beginning of Year	\$ 120,379
Changes for the year:	
Service cost	0
Interest on total OPEB liability	2,554
Changes in benefit terms	0
Differences between expected and actual experience	5,486
Changes in assumptions or other inputs	(2,196)
Benefit payments	(9,604)
Net change	(3,760)
Balance at End of Year	\$ 116,619

*Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate*

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate 1% Decrease	Discount Rate Current Rate	Discount Rate 1% Increase
District's total OPEB liability	\$ 126,203	\$ 116,619	\$ 108,171

*Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current healthcare cost trend rates of 5.0% for medical and 4.00% for dental and vision, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower of (4.0% for medical and 3.00% for dental and vision) or one percentage point higher (6.0% for medical and 5.0% for dental and vision) than the current rates:

	Healthcare Cost Trend Rates 1% Decrease	Healthcare Cost Trend Rates Current Rates	Healthcare Cost Trend Rates 1% Increase
District's total OPEB liability	\$ 110,762	\$ 116,619	\$ 123,137

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)**

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$5,844. At June 30, 2022, the District reported deferred outflows of resources of \$9,436, which represent District contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2023.

**NOTE 8 - RETIREMENT PLANS**

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 780,820	\$ 438,734	\$ 726,067	\$ 153,281
CalPERS	546,033	226,673	257,833	83,054
Totals	<u>\$ 1,326,853</u>	<u>\$ 665,407</u>	<u>\$ 983,900</u>	<u>\$ 236,335</u>

**A. California State Teachers' Retirement System (CalSTRS)**

*Plan Description*

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

*Benefits Provided*

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP Defined Benefit Program has two benefit structures:

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

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years 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 a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Concluded)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years 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% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and are detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation) signed into law in June 2019 and June 2020, respectively, provided supplemental contributions to the defined benefit program along with supplemental contribution rate relief to employers through fiscal year 2021-22.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: The member contribution rate for 2% at 60 members is set in statute at 10.25%, while 2% at 62 members are required to pay at least one-half of the normal cost of their Defined Benefit Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for 2% at 62 members was 10.205% for fiscal year 2021-22.

Employers: The employer contribution rate was 16.92% of applicable member earnings for fiscal year 2021-22. This rate reflects a 2.18% reduction of the employer contribution rate for fiscal year 2021-22 pursuant to special legislation, than is required by the CalSTRS Funding Plan. The District contributed \$165,084 to the plan for the fiscal year ended June 30, 2022.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions (Concluded)

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021-22, which increased the state supplemental contribution rate to 6.311% effective July 1, 2021. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.828% for the fiscal year ended June 30, 2022.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, 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 associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 780,820
State's proportionate share of the net pension liability associated with the District	<u>392,878</u>
Total net pension liability attributed to District	<u><u>\$ 1,173,698</u></u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

The District's proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020 was as follows:

Proportion - June 30, 2021	0.0017%
Proportion - June 30, 2020	<u>0.0016%</u>
Change - Increase (Decrease)	<u><u>0.0001%</u></u>

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$153,281, which includes \$105,342 of support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 165,084	
Differences between expected and actual experience	1,792	\$ 79,751
Changes of assumptions	101,685	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	170,173	25,240
Net differences between projected and actual earnings on plan investments		621,076
Totals	\$ 438,734	\$ 726,067

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2023	\$ (99,705)
2024	(81,458)
2025	(140,704)
2026	(156,307)
2027	18,748
2028	7,009

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability include:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as 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. 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, 2021, are summarized in the following table:

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

Discount Rate (Concluded)

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%
Total	100%	

\* 20-year average

Mortality

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

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 1,589,471	\$ 780,820	\$ 109,656

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

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 the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 7.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 22.91% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2022 was \$81,227.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported a liability of \$546,033 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. 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 employers, actuarially determined.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020 was as follows:

Proportion - June 30, 2021	0.0027%
Proportion - June 30, 2020	0.0020%
Change - Increase (Decrease)	0.0007%

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$83,054. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 81,227	
Differences between expected and actual experience	12,342	\$ 1,287
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	133,104	41,055
Net differences between projected and actual earnings on plan investments		215,491
Totals	\$ 226,673	\$ 257,833

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2023	\$ (26,586)
2024	(19,195)
2025	(8,326)
2026	(58,280)

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4.0 years as of June 30, 2021. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	Varies
Investment Rate of Return	7.15%
Post Retirement Benefit Increase (1)	

(1) 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study from 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS) (Continued)

Discount Rate (Concluded)

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

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

The table below reflects expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class <sup>(1)</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(2), (4)</sup>	Real Return Years 11+ <sup>(3), (4)</sup>
Public 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%	0.00%	-0.92%
Total	<u>100.0%</u>		

<sup>(1)</sup> In the CalPERS CAFR, liquidity is included in short-term investments; inflation assets are included in both public equity and fixed income.

<sup>(2)</sup> An expected inflation of 2.00% used for this period.

<sup>(3)</sup> An expected inflation of 2.92% used for this period.

<sup>(4)</sup> Figures are based on the previous ALM of 2017.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 8 - RETIREMENT PLANS (CONCLUDED)**

**B. California Public Employees' Retirement System (CalPERS) (Concluded)**

**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%, 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 one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate 1% Decrease 6.15%	Discount Rate Current Rate 7.15%	Discount Rate 1% Increase 8.15%
District's proportionate share of the net pension liability	\$ 920,689	\$ 546,033	\$ 234,989

**Pension Plan Fiduciary Net Position**

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

**C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

**NOTE 9 - LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2022, is shown below:

	Balances July 1, 2021	Additions	Deductions	Balances June 30, 2022	Due within One Year
Long-Term Debt					
General Obligation Bonds	\$ 5,515,000		\$ 75,000	\$ 5,440,000	
Bond Premiums	463,897		16,764	447,133	\$ 16,764
Other Long-Term Liabilities					
Compensated Absences	50,077	\$ 9,054	5,418	53,713	53,713
Total OPEB Liability	120,379	5,844	9,604	116,619	
Net Pension Liabilities	2,193,647		866,794	1,326,853	
Totals	\$ 8,343,000	\$ 14,898	\$ 973,580	\$ 7,384,318	\$ 70,477

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 9 - LONG-TERM LIABILITIES (CONCLUDED)**

The general obligation bonds are obligations of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The other long-term liabilities will be financed primarily by the General Fund.

**NOTE 10 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$105,342 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

**NOTE 11 - FUND BALANCES**

The District's fund balances at June 30, 2022 consisted of the following:

	General Fund	Building Fund	Capital Projects - Special Reserve Fund	Non-Major Governmental Funds	Totals
Nonspendable:					
Revolving Cash	\$ 600			\$ 100	\$ 700
Prepaid Expenditures	19,864				19,864
Total Nonspendable	<u>20,464</u>			<u>100</u>	<u>20,564</u>
Restricted:					
Categorical Programs	160,423			3,188	163,611
Capital Projects				6,939	6,939
Debt Service				134,626	134,626
Other Programs	18,494				18,494
Total Restricted	<u>178,917</u>			<u>144,753</u>	<u>323,670</u>
Committed:					
Deferred Maintenance				11,956	11,956
Total Committed				<u>11,956</u>	<u>11,956</u>
Assigned:					
OPEB	74,000				74,000
Special Education	45,000				45,000
Curriculum Adoption	50,000				50,000
Enrichment Support	40,000				40,000
Capital Projects			57,555		57,555
Total Assigned	<u>209,000</u>		<u>57,555</u>	<u>0</u>	<u>266,555</u>
Unassigned:					
Reserve for Economic Uncertainties	221,748				221,748
Remaining Unassigned Balance	939,099				939,099
Total Unassigned	<u>1,160,847</u>				<u>1,160,847</u>
Total Fund Balances	<u>\$ 1,569,228</u>	<u>\$ 0</u>	<u>\$ 57,555</u>	<u>\$ 156,809</u>	<u>\$ 1,783,592</u>

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021-22, the District participated in one joint power authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

**NOTE 13 - JOINT VENTURE**

The District participates in one joint venture under joint powers agreement (JPA) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability, and workers' compensation. The relationships between the District and the JPA are such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA. The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's management.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**A. State and Federal Allowances, Awards and Grants**

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

**B. Litigation**

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

**C. Construction Commitments**

As of June 30, 2022, the District has the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Alexander Valley School Multi-purpose Building & Classroom Project	\$ 117,324	Summer 2022

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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NOTE 15 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 15, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.



REQUIRED SUPPLEMENTARY INFORMATION SECTION



**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 308,462	\$ 307,738	\$ 304,005	\$ (3,733)
Local Sources	1,727,766	1,772,479	1,773,117	638
Total LCFF Sources	2,036,228	2,080,217	2,077,122	(3,095)
Federal Revenue	31,508	45,706	38,992	(6,714)
Other State Revenue	138,417	284,065	272,297	(11,768)
Other Local Revenue	170,050	222,287	163,088	(59,199)
Total Revenues	2,376,203	2,632,275	2,551,499	(80,776)
<b><u>Expenditures</u></b>				
Current:				
Certificated Salaries	998,810	1,034,144	1,029,462	4,682
Classified Salaries	512,432	477,604	475,338	2,266
Employee Benefits	606,016	602,656	590,325	12,331
Books and Supplies	115,233	103,419	78,499	24,920
Services and Other Operating Expenditures	331,587	620,915	606,354	14,561
Total Expenditures	2,564,078	2,838,738	2,779,978	58,760
Excess of Revenues (Under) Expenditures	(187,875)	(206,463)	(228,479)	(22,016)
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In		2,313		(2,313)
Operating Transfers Out	(258,891)	(258,891)	(258,891)	
Total Other Financing Sources (Uses)	(258,891)	(256,578)	(258,891)	(2,313)
Net Change in Fund Balances	(446,766)	(463,041)	(487,370)	\$ (24,329)
Fund Balances - July 1, 2021	2,056,598	2,056,598	2,056,598	
Fund Balances - June 30, 2022	\$ 1,609,832	\$ 1,593,557	\$ 1,569,228	

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS \***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest on Total OPEB Liability	2,554	3,847	4,633	4,572	4,317
Changes in Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experience	5,486	(98)	220	514	10,634
Changes in Assumptions or Other Inputs	(2,196)	11,507	(4,925)	(2,943)	(27,117)
Benefit Payments	(9,604)	(9,508)	(9,925)	(10,326)	(12,922)
<b>Net Changes in Total OPEB Liability</b>	<u>(3,760)</u>	<u>5,748</u>	<u>(9,997)</u>	<u>(8,183)</u>	<u>(25,088)</u>
<b>Total OPEB Liability - Beginning</b>	<u>120,379</u>	<u>114,631</u>	<u>124,628</u>	<u>132,811</u>	<u>157,899</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 116,619</u>	<u>\$ 120,379</u>	<u>\$ 114,631</u>	<u>\$ 124,628</u>	<u>\$ 132,811</u>
<b>Covered-employee Payroll **</b>	N/A	N/A	N/A	N/A	N/A
<b>District's Total OPEB Liability as Percentage of Covered-employee Payroll **</b>	N/A	N/A	N/A	N/A	N/A

\*\* District has no active employees eligible for OPEB

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end reporting date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS \***

**JUNE 30, 2022**

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2022	0.0017%	\$ 780,820	\$ 392,878	\$ 1,173,698	\$ 938,978	83.16%	87.21%
2021	0.0016%	1,565,807	807,174	2,372,981	872,152	179.53%	71.82%
2020	0.0015%	1,363,151	743,690	2,106,841	820,946	166.05%	72.56%
2019	0.0015%	1,394,825	798,602	2,193,427	811,947	171.79%	70.99%
2018	0.0016%	1,454,351	860,382	2,314,733	816,328	178.16%	69.46%
2017	0.0015%	1,193,221	884,231	2,077,452	749,692	159.16%	70.04%
2016	0.0015%	1,019,165	694,944	1,714,109	699,696	145.66%	74.02%
2015	0.0014%	824,304	596,661	1,420,965	628,279	131.20%	76.52%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS \***

**JUNE 30, 2022**

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Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2022	0.0027%	\$ 546,033	\$ 365,527	149.38%	80.97%
2021	0.0020%	627,840	295,964	212.13%	70.00%
2020	0.0022%	642,735	305,465	210.41%	70.05%
2019	0.0024%	642,756	316,470	203.10%	70.85%
2018	0.0025%	588,258	315,906	186.21%	71.87%
2017	0.0021%	417,571	253,549	164.69%	73.90%
2016	0.0022%	330,384	248,152	133.14%	79.43%
2015	0.0021%	241,676	223,475	108.14%	83.38%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - CALSTRS \***  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2022	\$ 165,084	\$ 165,084	\$ -	\$ 975,674	16.92%
2021	151,645	151,645	-	938,978	16.15%
2020	149,138	149,138	-	872,152	17.10%
2019	133,650	133,650	-	820,946	16.28%
2018	117,164	117,164	-	811,947	14.43%
2017	102,694	102,694	-	816,328	12.58%
2016	80,442	80,442	-	749,692	10.73%
2015	62,133	62,133	-	699,696	8.88%

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - CALPERS \***  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2022	\$ 81,227	\$ 81,227	\$ -	\$ 354,548	22.910%
2021	75,664	75,664	-	365,527	20.700%
2020	58,367	58,367	-	295,964	19.721%
2019	55,173	55,173	-	305,465	18.062%
2018	49,151	49,151	-	316,470	15.531%
2017	43,873	43,873	-	315,906	13.888%
2016	30,038	30,038	-	253,549	11.847%
2015	29,210	29,210	-	248,152	11.771%

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There was no excess of expenditures over appropriations in the General Fund as of June 30, 2022.

**B. Schedule of Changes in Total OPEB Liability and Related Ratios**

In accordance with Governmental Accounting Standards Board Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the total OPEB liability, the total OPEB liability, the covered-employee payroll, and the total OPEB liability as a percentage of the District's covered-employee payroll.

**C. Schedule of the Proportionate Share of the Net Pension Liability**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**D. Schedule of Contributions**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Trust Assets

The District has no assets accumulated in a trust that meet the criteria of GASB 75 to pay related benefits.

Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions or Other Inputs

The discount rate changed from 2.21% at June 30, 2020 to 2.16% at June 30, 2021. The health care trend rates have been updated from 4.25% (medical) and 3.0% (dental and vision) at June 30, 2020 to 5.0% (medical) and 4.0% (dental and vision) at June 30, 2021 to reflect 2021 industry survey data.

**NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS**

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

Changes of Assumptions

There were no changes in assumptions since the previous valuation for CalSTRS or CalPERS.

SUPPLEMENTARY INFORMATION SECTION



**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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ORGANIZATION

The Alexander Valley Union School District was established in 1952 to provide elementary education to pupils, kindergarten through grade six, who reside in or around Healdsburg, California. There were no changes in the boundaries of the District during the current year. The District currently operates one elementary school.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Steve Smit	Interim President	November 2022
Yvonne Kreck	Interim Clerk	November 2024
Alison Green	Trustee	November 2022
Joseph Stewart	Trustee	November 2024
Vacant	Trustee	November 2022

ADMINISTRATION

Matt Reno  
Superintendent / Principal

Anne Kopache  
Chief Business Official

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Deferred Maintenance</b>	<b>Cafeteria</b>	<b>Bond Interest and Redemption</b>	<b>Capital Facilities</b>	<b>Total Non-Major Governmental Funds</b>
<b><u>Assets</u></b>					
Deposits and Investments	\$ 11,956	\$ 3,419	\$ 134,626	\$ 3,652	\$ 153,653
Receivables				3,287	3,287
Total Assets	<u>\$ 11,956</u>	<u>\$ 3,419</u>	<u>\$ 134,626</u>	<u>\$ 6,939</u>	<u>\$ 156,940</u>
<b><u>Liabilities and Fund Balances</u></b>					
Liabilities:					
Accounts Payable		\$ 131			\$ 131
Fund Balances:					
Nonspendable		100			100
Restricted		3,188	\$ 134,626	\$ 6,939	144,753
Committed	\$ 11,956				11,956
Total Fund Balances	<u>11,956</u>	<u>3,288</u>	<u>134,626</u>	<u>6,939</u>	<u>156,809</u>
Total Liabilities and Fund Balances	<u>\$ 11,956</u>	<u>\$ 3,419</u>	<u>\$ 134,626</u>	<u>\$ 6,939</u>	<u>\$ 156,940</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Bond Interest and Redemption</u>	<u>Capital Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Revenues</u></b>					
LCFF Sources:					
State Apportionment / Transfers	\$ 12,000				\$ 12,000
Federal Revenue		\$ 614			614
State Revenue			\$ 195		195
Local Revenue	(308)	(92)	220,426	\$ 16,864	236,890
Total Revenues	<u>11,692</u>	<u>522</u>	<u>220,621</u>	<u>16,864</u>	<u>249,699</u>
<b><u>Expenditures</u></b>					
Current:					
Food Services		9,988			9,988
Plant Services	15,323				15,323
Facilities Acquisition and Construction				105,000	105,000
Debt Service:					
Principal Retirement			75,000		75,000
Interest and Issuance Costs			238,800		238,800
Total Expenditures	<u>15,323</u>	<u>9,988</u>	<u>313,800</u>	<u>105,000</u>	<u>444,111</u>
Excess of Revenues (Under) Expenditures	(3,631)	(9,466)	(93,179)	(88,136)	(194,412)
<b><u>Other Financing Sources</u></b>					
Operating Transfers In		8,891			8,891
Net Change in Fund Balances	(3,631)	(575)	(93,179)	(88,136)	(185,521)
Fund Balances - July 1, 2021	<u>15,587</u>	<u>3,863</u>	<u>227,805</u>	<u>95,075</u>	<u>342,330</u>
Fund Balances - June 30, 2022	<u>\$ 11,956</u>	<u>\$ 3,288</u>	<u>\$ 134,626</u>	<u>\$ 6,939</u>	<u>\$ 156,809</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	<b>P-2 Report</b>			<b>Annual Report</b>		
	<b>TK/K - 3</b>	<b>4 - 6</b>	<b>Total</b>	<b>TK/K - 3</b>	<b>4 - 6</b>	<b>Total</b>
Regular ADA	62.76	44.29	107.05	62.43	43.98	106.41

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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<u>Grade Level</u>	<u>Minutes Required</u>	<u>Instructional Minutes</u>			<u>Traditional Calendar Days</u>			<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
		<u>Offered</u>	<u>Credited</u>	<u>Total</u>	<u>Offered</u>	<u>Credited</u>	<u>Total</u>		
Kindergarten	36,000	54,736	0	54,736	180	0	180	N/A	In Compliance
Grade 1	50,400	58,228	0	58,228	180	0	180	N/A	In Compliance
Grade 2	50,400	58,228	0	58,228	180	0	180	N/A	In Compliance
Grade 3	50,400	58,228	0	58,228	180	0	180	N/A	In Compliance
Grade 4	54,000	58,228	0	58,228	180	0	180	N/A	In Compliance
Grade 5	54,000	58,228	0	58,228	180	0	180	N/A	In Compliance
Grade 6	54,000	58,228	0	58,228	180	0	180	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Funds	June 30, 2022	Adjustments and Reclassifications			June 30, 2022
	Annual Financial And Budget Report Fund Balances	Increasing (Decreasing) Fund Balances			Audited Financial Statement Fund Balances
		Overstatement of Deposits & Investments	Understatement of Accounts Payable	Reclassification of Fund Balances	
General	\$ 1,463,107	\$ (50,184)		\$ 156,305	\$ 1,569,228
Special Revenue - Special Reserve	85,241	(2,936)		(82,305)	0
Special Revenue - Special Reserve For Postemployment Benefits	76,640	(2,640)		(74,000)	0
Building	456,334	(20,923)	(435,411)		0
Capital Projects - Special Reserve	206,491	(9,509)	(139,427)		57,555
Deferred Maintenance	12,383	(427)			11,956
Cafeteria	3,406	(118)			3,288
Bond Interest & Redemption	139,428	(4,802)			134,626
Capital Facilities	7,069	(130)			6,939

Auditor's Comments

The fund balances of the General Fund, Special Revenue - Special Reserve Fund, and Special Revenue - Special Reserve for Postemployment Benefits Fund have been combined for financial reporting purposes in accordance with GASB Statement No. 54.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	GENERAL FUND			
	(Budget) 2022-23 <sup>(1)</sup>	2021-22	2020-21	2019-20
Revenues and Other Financial Sources	\$ 2,422,422	\$ 2,551,499	\$ 2,398,673	\$ 2,590,594
Expenditures	2,717,178	2,779,978	2,524,777	2,360,930
Other Uses and Transfers Out	102,000	258,891	34,146	38,879
Total Outgo	2,819,178	3,038,869	2,558,923	2,399,809
Change in Fund Balance	(396,756)	(487,370)	(160,250)	190,785
Ending Fund Balance	\$ 1,172,472	\$ 1,569,228	\$ 2,056,598	\$ 2,216,848
Available Reserves	\$ 835,866	\$ 1,160,847	\$ 1,508,346	\$ 1,728,243
Reserve for Economic Uncertainties <sup>(2)</sup>	\$ 143,200	\$ 221,748	\$ 375,085	\$ 364,559
Available Reserves as a Percentage of Total Outgo	29.6%	38.2%	58.9%	72.0%
Average Daily Attendance at P-2	106	107	N/A	107
Total Long-Term Liabilities	\$ 7,313,841	\$ 7,384,318	\$ 8,343,000	\$ 8,333,085

<sup>(1)</sup> Amounts have been adjusted to ensure comparability with the current year GASB 54 financial statement presentation.

<sup>(2)</sup> Reported balances are a component of available reserves.

The fund balance of the General Fund decreased \$647,620 (29.2%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$396,756 (25.3%). For a district this size, the state recommends available reserves of at least 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The District incurred operating deficits of \$487,370 and \$160,250 in fiscal years 2021-22 and 2020-21, respectively and produced an operating surplus of \$190,785 in fiscal year 2019-20.

Average daily attendance (ADA) has not changed over the past two years. The District anticipates 106 ADA during fiscal year 2022-23.

Total long-term liabilities decreased \$948,767 over the past two years due primarily to the decrease in the District's proportionate share of the net pension liabilities.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Combining Statements**

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

**B. Schedule of Average Daily Attendance**

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

**C. Schedule of Instructional Time**

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

**D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

**E. 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.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

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

Board of Trustees  
Alexander Valley Union School District  
Healdsburg, 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 the Alexander Valley Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2022-001** and **2022-002** that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Alexander Valley Union School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Alexander Valley Union School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 15, 2022

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees  
Alexander Valley Union School District  
Healdsburg, California

**Report on State Compliance**

*Opinion on State Compliance*

We have audited Alexander Valley Union School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Alexander Valley Union School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

*Basis for Opinion on State Compliance*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Alexander Valley Union School District's state programs.

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable

*Auditor's Responsibilities for the Audit of Compliance (Concluded)*

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

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 2022-003**.

*Government Auditing Standards* requires the auditor to perform limited procedures on District's response to the noncompliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on 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 state 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 compliance requirement 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 state 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 15, 2022

## FINDINGS AND QUESTIONED COSTS SECTION



**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

**State Awards**

Type of auditor's report issued on compliance for state programs:		Unmodified
Any audit findings required to be reported in accordance with the <i>2021-22 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting</i> ?	<u>  X  </u> Yes	<u>      </u> No
Internal control over state programs:		
Material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2022 - 001 / 30000**

**MATERIAL WEAKNESS**

**FINANCIAL REPORTING - CALIFORNIA SCHOOL ACCOUNTING MANUAL (CSAM)**

Criteria: Education Code Section 41010 requires local educational agencies (LEAs) to follow the definitions, instructions, and procedures in the California School Accounting Manual, including Procedure 425, which describes the procedures to be followed by LEAs to implement Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and External Investment Pools, which requires LEAs to report their cash in the county treasury at fair value. However, like all other GASB statements, GASB 31 states that it does not apply to nonmaterial items. As a result, LEAs are only required to record their cash maintained in the county treasury at fair value, if the difference between the reported cash balance and the fair value are material to the LEAs financial statements. Accordingly, LEAs should have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements.

Condition: The District did not adjust its cash in county treasury balances to reflect fair value at June 30, 2022, even when the difference between the reported cash balances and the fair value of the cash balances was material to the financial statements.

Questioned Costs: None.

Context: This is the first year since GASB 31 was issued that the fair value of the county investment pool has been materially different from the reported cash balance.

Effect: The District did not comply with the requirements of GASB 31. The adjustments that were made to ensure that the financial statements are fairly stated are presented on page 68.

Cause: The District does not currently have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

FINANCIAL REPORTING - CALIFORNIA SCHOOL ACCOUNTING MANUAL (CONCLUDED)

Recommendation: The District should establish appropriate procedures to monitor the fair value of the pooled investments in the county treasury. If fair value adjustments are required to ensure the financial statements are fairly presented, the District should follow the guidance in Procedure 425 of the California School Accounting Manual. Further, the District should consider recording the adjustment on an annual basis even if the amounts are not material, since the required calculations and journal entries are relatively easy to complete.

District Response: Alexander Valley Union School District will establish procedures to monitor the fair value of pooled investments in the county treasury. With assistance from the Sonoma County Office of Education, the process of recording the adjustments on an annual basis will be developed and implemented in the next fiscal year.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)**

**2022 - 002 / 30000**

**MATERIAL WEAKNESS**

**EXPENDITURE RECOGNITION**

Criteria: Under the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, regardless of when the related invoices or progress billings are actually received. Accordingly, districts should have effective procedures in place to ensure that all material expenditures are recorded in the appropriate financial reporting period.

Condition: The District did not have appropriate procedures in place to ensure that all material expenditures were recorded in the appropriate financial reporting period. As a result, the District's 2021-22 "Unaudited Actuals" financial report did not include \$574,838 of capital outlay expenditures.

Questioned Costs: None.

Context: The District did not record the internally held earned construction retention amount for the principal contractor associated with the MPR and Classroom Project.

Effect: The liabilities and expenditures reported in the Building Fund and Capital Projects - Special Reserve Fund were materially understated. The adjustments that were made to ensure that the financial statements are fairly stated are presented on page 68.

Cause: The District inadvertently overlooked recording a payable for the earned construction retention amount as of June 30, 2022 because there was a delay in getting the required information related to the final invoice for 2021-22.

Recommendation: The District should establish appropriate procedures to ensure that all material expenditures, especially those related to capital projects, are recorded in the appropriate financial reporting period.

District Response: A delay in the information regarding the final invoice of the 2021-22 fiscal year led to the inadvertent omission of recording earned construction retention during the year-end closing process. The District will work to ensure all appropriate closing entries are made in a timely manner. In addition, collaboration with a Sonoma County Office of Education Fiscal Advisor while closing the fiscal year will further help to establish solid procedures.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2022 - 003 / 72000**

**SCHOOL ACCOUNTABILITY REPORT CARD - FACILITIES**

<u>Criteria:</u>	School accountability report cards should include assessments about the safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair in accordance with Education Code Section 33126(b)(8). The school facilities disclosures should be consistent with the most recently completed Facility Inspection Tool, developed by the Office of Public School Construction, or a local evaluation instrument that meets the same criteria pursuant to Education Code Section 17002(d).
<u>Conditions:</u>	The disclosures regarding safety, cleanliness, and adequacy of school facilities presented in the annual school accountability report card (SARC) did not agree to the most recently completed Facilities Inspection Tool (FIT) for Alexander Valley Elementary School.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The calculated rank for structural systems on the FIT completed on December 14, 2021 was "Fair" but the rank disclosed on the SARC for structural systems was "Good." We confirmed with District personnel that the deficiencies noted on the FIT were not corrected prior to publication of the SARC.
<u>Effects:</u>	The disclosures regarding safety, cleanliness, and adequacy of school facilities presented in the annual SARC were not presented in accordance with state guidelines.
<u>Causes:</u>	The District did not verify that the disclosures regarding safety, cleanliness, and adequacy of school facilities agreed to the information in the most recently completed FIT.
<u>Recommendations:</u>	The District should verify that future school accountability report card disclosures regarding safety, cleanliness, and adequacy of school facilities, are consistent with the information on the most recently completed FIT.
<u>District Response:</u>	The District will establish a procedure to ensure that both the Superintendent and the Chief Business Official will review the information included in the SARC, in full, before publication. Since the SARC is developed annually with information from many different sources, confirmation from more than one team member will help to verify that all the correct information is submitted.

**ALEXANDER VALLEY UNION SCHOOL DISTRICT  
STATUS OF PRIOR YEAR RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>STATE AWARDS</u></b>		
<b>2021 - 001 / 40000</b>		
<u>INSTRUCTIONAL TIME</u>		
The District should review instructional day and instructional school year requirements each year to ensure compliance with applicable laws and regulations.	Implemented	