

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2021

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

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

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TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tahoe Truckee Unified School District
Truckee, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$341,385. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 15 and the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 55 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 on our consideration of Tahoe Truckee Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tahoe Truckee Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
January 14, 2022

**TAHOE-TRUCKEE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Tahoe-Truckee Unified School District's annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 2, 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 through 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. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

- The Districts Financial status remains positive. The total net position increased by \$5,164,413 or 7.5%.
- Capital assets, net of depreciation, increased by \$11,574,154. Capital assets are mainly financed by developer Fees, Certificates of Participation, State matching funds, federal grants, and Measure E and Measure U bond proceeds.
- Long-term debt decreased by \$7,427,325 due mostly to the issuance of \$40 million in Certificates of Participation and payment of outstanding General Obligation Bond and capital lease debt.
- October Enrollment in the District decreased 35 students from 3,981 to 3,946.
- The District maintains reserves that exceed the state required 3% minimum Reserve for Economic Uncertainties (REU). The total General Fund REU increased from 10.67% to 15.42%.

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, required 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 fund statements. These statements include short-term financing and identify the balance remaining for future spending.
 - ❖ Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
 - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

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 statement. 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 Statements 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, we divide the District into two kinds of activities:

Governmental Activities:

The basic services provided by the District, such as regular and special education, adult 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 and child development are also included here, but are financed by a combination of state and federal contracts and grants, and local revenues.

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 established many other funds as needed to control and manage money for specific purposes.

Major Governmental Funds

The major governmental funds of Tahoe-Truckee Unified School District are the General Fund, the Building Fund and Bond Interest & Redemption 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 funds 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.

All Non-Major Funds

The District provides additional services that are outside of the General Fund and are minor in nature. These services include Student Activity, Adult Education, Child Development, Cafeteria, Deferred Maintenance and Capital Facilities Funds.

Fiduciary Funds

The District is the trustee, or fiduciary, for the Foundation Trust Fund. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District’s net position increased from \$68,262,274 at June 30, 2020 to \$73,768,572 at June 30, 2021. This results in an increase of \$5,505,798 to the 2020 - 2021 net position. \$341,385 of the change is due to the implementation of GASB 84 resulting in a restatement of the beginning net position to include the Student activity fund and the remaining \$5,164,413 is the pure change in net position.

Statement of Net Position		
	2020 - 2021	2019 - 2020
Current and Other Assets	\$ 63,512,476	\$ 86,055,164
Capital Assets	<u>330,429,717</u>	<u>318,855,563</u>
Total Assets	393,942,193	404,910,727
Deferred Outflows of resources	<u>24,539,526</u>	<u>22,523,861</u>
Current Liabilities	9,840,510	14,655,174
Other and Long Term Liabilities	<u>332,578,637</u>	<u>340,005,962</u>
Total Liabilities	342,419,147	354,661,136
Deferred Inflows of resources	<u>2,294,000</u>	<u>4,510,678</u>
Invested in capital assets, net of related debt	83,708,556	79,000,361
Restricted	27,937,168	41,663,481
Unrestricted	<u>(37,877,152)</u>	<u>(52,401,068)</u>
Total Net Position	<u>\$ 73,768,572</u>	<u>\$ 68,262,774</u>

Table includes financial data of the combined government funds

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

The District net position increased by \$5,164,413 during fiscal year 2020 - 2021.

Changes In Net Position		
<i>Revenues</i>	2020 - 2021	2019 - 2020
Program Revenues:		
Charge For Services	\$ 4,529,494	\$ 3,047,699
Operating Grants	17,783,375	11,592,678
Capital Grants	1,202,180	939,576
General Revenues:		
Property Taxes	73,980,188	77,140,076
Federal & State Aid	1,952,618	2,355,457
Other	4,603,033	5,100,530
	<u>104,050,888</u>	<u>100,176,016</u>
Program Expenses		
Instruction	44,655,614	44,043,773
Instruction Related Services	9,571,246	9,619,333
Pupil Services	10,055,552	11,013,517
General Administration	4,451,738	3,970,051
Plant Services	19,749,346	7,555,579
Ancillary Services	977,868	8,148,343
Enterprise Activities	-	-
Community Services	10,000	106,808
Other	9,415,111	11,308,046
	<u>98,886,475</u>	<u>95,765,450</u>
Total Expenses	98,886,475	95,765,450
Increase in Net Position	5,164,413	4,410,566
Net Position- Beginning	<u>68,262,774</u>	<u>63,852,208</u>
Cumulative Effect of GASB 84 Implementation	341,385	-
Net Position- Restated	<u>68,604,159</u>	<u>-</u>
Net Position- Ending	<u>\$ 73,768,572</u>	<u>\$ 68,262,774</u>
Table includes financial data of the combined government funds		

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

The table below 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 \$75,371,426 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed. Further detail is available in the audit report.

Comparative Schedule of Costs of Services		
	Total Cost of Services	Net Cost of Services
	<u>2020 - 2021</u>	<u>2020 - 2021</u>
Instruction	44,655,614	31,998,135
Instruction Related Services	9,571,246	7,003,884
Pupil Services	10,055,552	7,274,615
General Administration	4,451,738	4,196,860
Plant Services	19,749,346	19,322,056
Ancillary Services	977,868	688,747
Enterprise Activities	-	-
Community Services	10,000	10,000
Other	-	-
Interest on Long-Term Liabilities	9,141,597	9,141,597
Other Outgo	273,514	(4,264,468)
Totals	<u><u>\$ 98,886,475</u></u>	<u><u>\$ 75,371,426</u></u>

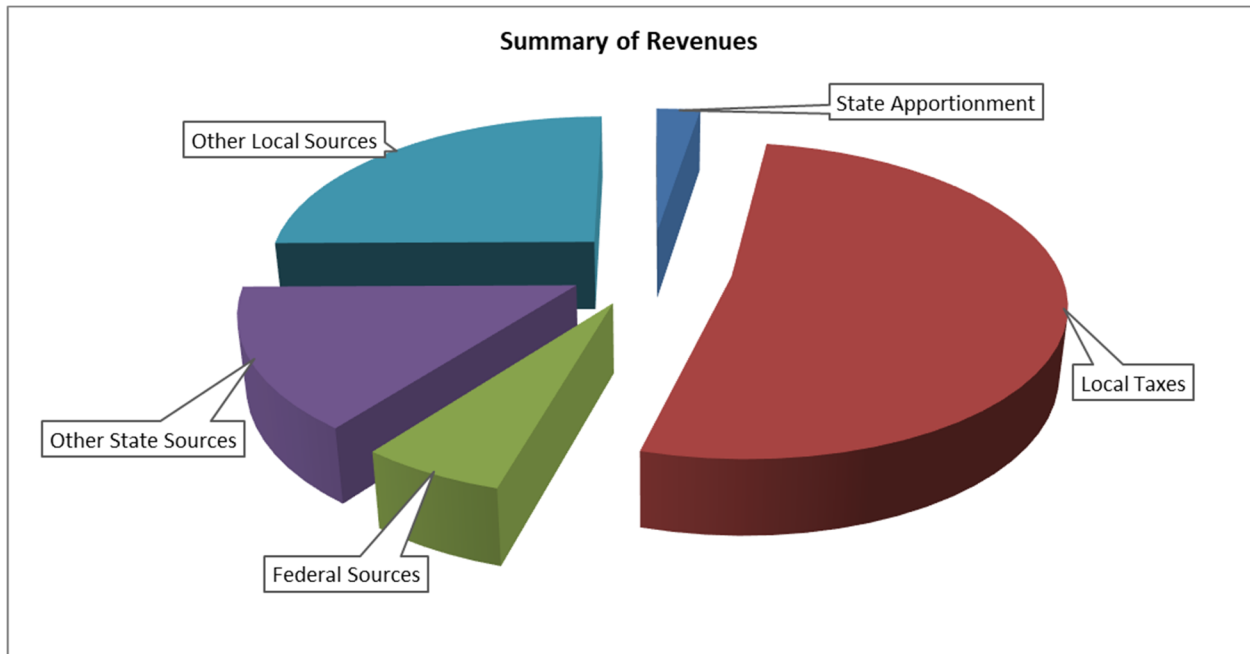
Table includes financial data of the combined government funds

In fiscal year 2020 - 2021, program revenues financed 22.6% of the cost of providing the services listed above, while the remaining 77.4% were financed by general revenues of the District. The percentages were 15.6% and 84.4%, respectively in 2019 - 2020.

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

Revenues for the District in 2020 - 2021 decreased by \$39,885,692 or 27.8% from 2019 - 2020 totals. This decrease is mainly attributed to the reduction of Certificates of Participation proceeds of \$43,963,559 issued in 2019 - 2020, and an increase in local taxes. The table below summarizes all revenue sources in 2020 - 2021.

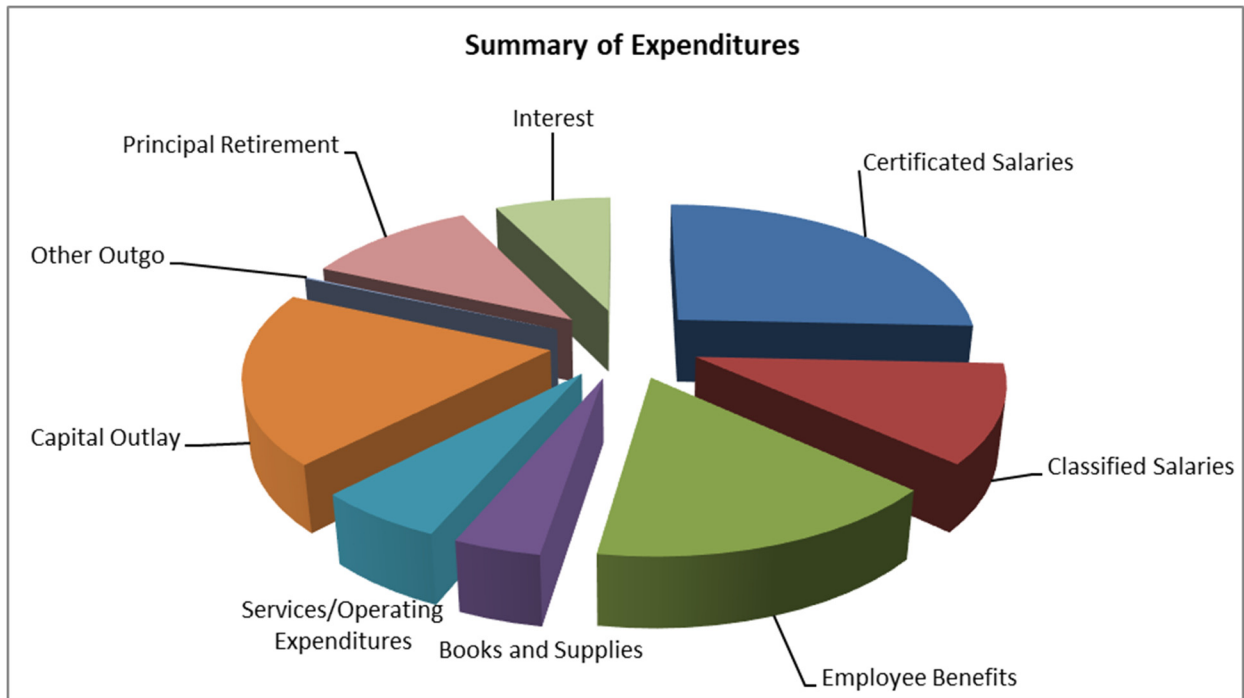
Summary of Revenues for Governmental Funds				
	FY 2021		FY 2020	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
LCFF Sources				
State Apportionment	\$ 2,643,294	2.6%	\$ 2,648,086	1.8%
Local Taxes	53,663,852	51.8%	50,835,880	35.4%
Total LCFF Sources	56,307,146	54.4%	53,483,966	37.3%
Federal Sources	6,170,755	6.0%	2,645,833	1.8%
Other State Sources	15,022,618	14.5%	14,281,268	10.0%
Other Local Sources	26,021,363	25.1%	29,032,948	20.2%
Total Other Revenue	47,214,736	45.6%	45,960,049	32.0%
Other Financing Sources				
Proceeds from Issuance of Debt	-	0.0%	43,963,559	30.7%
Total Other Financing Sources	-	0.0%	43,963,559	30.7%
Total Revenues	\$ 103,521,882	100.0%	\$ 143,407,574	100.0%



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

Total District expenditures in 2020 - 2021 decreased by \$41,603,951 or 25.5% from 2019 - 2020 numbers. Most of this decrease is attributable to a reduction in capital project expenditures.

	FY 2021		FY 2020	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures				
Certificated Salaries	\$ 31,307,335	25.7%	\$ 29,548,142	18.1%
Classified Salaries	13,366,032	11.0%	13,243,170	8.1%
Employee Benefits	19,344,824	15.9%	19,751,264	12.1%
Books and Supplies	4,740,431	3.9%	3,171,918	2.0%
Services/Operating Expenditures	7,039,834	5.8%	8,050,126	4.9%
Capital Outlay	23,549,751	19.3%	63,095,985	38.6%
Other Outgo	202,418	0.2%	214,995	0.1%
Principal Retirement	13,316,843	10.9%	17,208,397	10.5%
Interest	8,961,605	7.3%	9,149,027	5.6%
Total Expenditures	\$ 121,829,073	100.0%	\$ 163,433,024	100.0%



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

Capital assets, net of depreciation increased \$11,574,154 due to new construction and modernization projects. Projects are financed through a combination of developer fees, Certificates of Participation, federal grants, deferred maintenance funds, Measure E and Measure U bond funds.

Capital Assets			
	2020 - 2021	2019 - 2020	% Change
Land	\$ 4,365,750	\$ 4,365,750	0.0%
Improvement of Sites	13,572,762	13,572,762	0.0%
Buildings	397,821,118	230,494,810	72.6%
Equipment	13,175,634	11,087,812	18.8%
Work in Process	<u>8,724,118</u>	<u>153,999,566</u>	-94.3%
Subtotal	437,659,382	413,520,700	5.8%
Less: Accumulated Depreciation	<u>(107,229,665)</u>	<u>(94,665,137)</u>	13.3%
Capital Assets, net	<u><u>\$ 330,429,717</u></u>	<u><u>\$ 318,855,563</u></u>	3.6%

Long-term debt includes all of the district's long-term liabilities. In the past this consisted of general obligation bonds, Certificates of participation, capital leases, other post-employment benefits, and compensated absences. With the implementation of GASB 68, the District has added STRS and PERS pension liabilities to this category. This resulted in a significant increase to long term-debt in comparison to years prior to 2015 - 2016. Overall, long-term debt decreased by \$7,427,325 in 2020 - 2021, mainly due to the retirement of outstanding general obligation bond and capital lease debt. The net pension liabilities amount increased to \$75,313,000 or 22.6% of total long-term debt. The general obligation bonds are financed by the local taxpayers and represent 63.9% of the District's total long-term liabilities. The OPEB obligation liabilities amount to \$6,118,801 and represent 1.8% of the District's long-term liabilities. The Certificates of Participation account for 11.5% of long-term liabilities. The remaining components account for 0.2% of the District's long-term liabilities.

Long-term Debt			
	2020 - 2021	2019 - 2020	% Change
Compensated Absences	\$ 344,018	\$ 343,858	0.0%
General Obligation Bonds	212,381,455	224,263,681	-5.3%
Certificates of Participation	38,220,000	38,885,000	0.0%
Capitalized Lease Obligations	201,363	554,417	-63.7%
Net Pension Liability	75,313,000	70,462,000	6.9%
Total OPEB Obligation	<u>6,118,801</u>	<u>5,497,006</u>	11.3%
Totals	<u><u>\$ 332,578,637</u></u>	<u><u>\$ 340,005,962</u></u>	-2.2%

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.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The combined fund balances of all the District's governmental funds decreased by \$18,307,191. Most of this decrease was a result of the decreases to the Building Fund due to project expenditures and the decrease to the Bond Interest and Redemption Fund.

Comparative Schedules of Fund Balances			
	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Increase/ Decrease
General	\$ 17,084,412	\$ 11,015,206	\$ 6,069,206
Building Fund	9,898,548	31,602,393	(21,703,845)
Bond Interest and Redemption	23,536,950	28,791,552	(5,254,602)
All Non-Major Funds, as restated	6,115,413	3,533,363	2,582,050
Totals	\$ 56,635,323	\$ 74,942,514	\$ (18,307,191)

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, if needed. In addition, the District revises its budget at First and Second interim. The Budget to actual presented on page 55 reflects the original budget, final budget and the actual revenue and expenditures for the year.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has maintained its basic aid status during fiscal year 2020 - 2021. The property tax revenue collections continue to exceed the LCFE transition grants funded by the State. However, there is some uncertainty surrounding the pace of TTUSD property tax revenue increases in the future. Although, TTUSD will receive an estimated 6.7% increase in property taxes in 2021 - 2022, the District will maintain conservative assumptions in future years.

TTUSD is subject to many financial risks and situations including, but not limited to: fluctuating property tax revenue, repeal of basic aid status, parcel tax revenue, charter schools, depletion of one-time revenues, enrollment increases, declining developer fee revenue and PERS/STRS rate adjustments.

In recognition of these substantial financial risks, the TTUSD School Board revised Board Policy #3100, furthering its commitment to maintain reserves that exceed the state required minimum of 3%. Board Policy #3100 establishes a static reserve for economic uncertainty range of 10-16% of total general fund expenditures.

CONTACT THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with general overview of the District's finances and to show the District's accountability for the money it received. If you have questions regarding this report or need additional financial information, contact Todd Rivera, Executive Director of Business Services, Tahoe-Truckee Unified School District, 11603 Donner Pass Road, Truckee, California 96161.

BASIC FINANCIAL STATEMENTS

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 56,617,512
Receivables	6,752,532
Stores inventory	85,910
Prepaid expenses	56,522
Non-depreciable capital assets (Note 4)	13,089,868
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>317,339,849</u>
Total assets	<u>393,942,193</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	20,715,058
Deferred outflow of resources - OPEB (Note 9)	3,521,772
Deferred loss from refunding of debt	<u>302,696</u>
Total deferred outflows	<u>24,539,526</u>
LIABILITIES	
Accounts payable	9,468,084
Unearned revenue	372,426
Long-term liabilities (Notes 5, 7, 8 and 9):	
Due within one year	5,286,362
Due after one year	<u>327,292,275</u>
Total liabilities	<u>342,419,147</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>2,294,000</u>
NET POSITION	
Net investment in capital assets	83,708,556
Restricted:	
Legally restricted programs	4,388,840
Capital projects	11,378
Debt service	23,536,950
Unrestricted	<u>(37,877,152)</u>
Total net position	<u>\$ 73,768,572</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Program Revenues				Net (Expense)
	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	Governmental <u>Activities</u>	Revenues and Change in <u>Net Position</u>
<u>Expenses</u>					
Governmental activities:					
Instruction	\$ 44,655,614	\$ 868,502	\$ 10,586,797	\$ 1,202,180	\$ (31,998,135)
Instruction-related services:					
Supervision of instruction	1,726,755	10,385	387,846	-	(1,328,524)
Instructional library, media and technology	2,162,111	76,980	107,480	-	(1,977,651)
School site administration	5,682,380	18,079	1,966,592	-	(3,697,709)
Pupil services:					
Home-to-school transportation	3,443,181	-	689	-	(3,442,492)
Food services	1,908,516	4,990	1,292,463	-	(611,063)
All other pupil services	4,703,855	138,408	1,344,387	-	(3,221,060)
General administration:					
Data processing	241,906	-	6,313	-	(235,593)
All other general administration	4,209,832	8,190	240,375	-	(3,961,267)
Plant services	19,749,346	19,838	407,452	-	(19,322,056)
Ancillary services	977,868	-	289,121	-	(688,747)
Community services	10,000	-	-	-	(10,000)
Interest on long-term liabilities	9,212,693	-	-	-	(9,212,693)
Other outgo	202,418	3,384,122	1,153,860	-	4,335,564
	-	-	-	-	-
Total governmental activities	\$ 98,886,475	\$ 4,529,494	\$ 17,783,375	\$ 1,202,180	(75,371,426)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					55,366,581
Taxes levied for debt service					12,381,772
Taxes levied for other specific purposes					6,231,835
Federal and state aid not restricted to specific purposes					1,952,618
Interest and investment earnings					140,433
Interagency transfers					121,157
Miscellaneous					4,341,443
					-
Total general revenues					<u>80,535,839</u>
Change in net position					5,164,413
					-
Net position, July 1, 2020					<u>68,262,774</u>
					-
Cumulative effect of GASB 84 implementation					341,385
					-
Net position, July 1, 2020, as restated					<u>68,604,159</u>
					-
Net position, June 30, 2021					<u>\$ 73,768,572</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 16,983,381	\$ 6,935,492	\$ 23,536,950	\$ 5,032,447	\$ 52,488,270
Cash with fiscal agent	-	3,778,961	-	-	3,778,961
Cash in revolving fund	20,000	-	-	-	20,000
Cash in bank	2,000	-	-	324,331	326,331
Collections waiting deposit	3,950	-	-	-	3,950
Receivables	5,980,789	1,170	-	770,573	6,752,532
Stores inventory	20,099	-	-	65,811	85,910
Due from other funds	20,774	-	-	1,669	22,443
Prepaid expenditures	49,939	-	-	6,583	56,522
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 23,080,932</u>	<u>\$ 10,715,623</u>	<u>\$ 23,536,950</u>	<u>\$ 6,201,414</u>	<u>\$ 63,534,919</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,622,425	\$ 817,075	\$ -	\$ 65,227	\$ 6,504,727
Unearned revenue	372,426	-	-	-	372,426
Due to other funds	1,669	-	-	20,774	22,443
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,996,520</u>	<u>817,075</u>	<u>-</u>	<u>86,001</u>	<u>6,899,596</u>
Fund balances:					
Nonspendable	90,038	-	-	72,394	162,432
Restricted	3,482,549	9,898,548	23,536,950	6,043,019	42,961,066
Assigned	1,977,549	-	-	-	1,977,549
Unassigned	11,534,276	-	-	-	11,534,276
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>17,084,412</u>	<u>9,898,548</u>	<u>23,536,950</u>	<u>6,115,413</u>	<u>56,635,323</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 23,080,932</u>	<u>\$ 10,715,623</u>	<u>\$ 23,536,950</u>	<u>\$ 6,201,414</u>	<u>\$ 63,534,919</u>

See accompanying notes to financial statements.

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

Total fund balances - Governmental Funds \$ 56,635,323

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$437,659,382 and the accumulated depreciation is \$107,229,665 (Note 4). 330,429,717

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2021 consisted of (Note 5):

Capitalized lease obligations	\$ (201,363)	
General Obligation Bonds	(190,652,973)	
Certificates of Participation	(38,220,000)	
Unamortized premiums	(21,728,482)	
Net pension liability (Note 7 and 8)	(75,313,000)	
Total OPEB Liability (Note 9)	(6,118,801)	
Compensated absences	<u>(344,018)</u>	
		(332,578,637)

In governmental funds, deferred inflows and deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred inflows or deferred outflows of resources. 302,696

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 (Notes 7 and 8).

Deferred outflows of resources relating to OPEB	\$ 3,521,772	
Deferred outflows of resources relating to pensions	20,715,058	
Deferred inflows of resources relating to pensions	<u>(2,294,000)</u>	
		21,942,830

In governmental funds, interest on long-term liabilities 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. (2,963,357)

Total net position - governmental activities \$ 73,768,572

See accompanying notes to financial statements.

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 2,643,294	\$ -	\$ -	\$ -	\$ 2,643,294
Local sources	<u>53,463,852</u>	-	-	200,000	<u>53,663,852</u>
Total LCFF	<u>56,107,146</u>	-	-	200,000	<u>56,307,146</u>
Federal sources	4,909,039	-	-	1,261,716	6,170,755
Other state sources	8,505,885	-	4,859,561	1,657,172	15,022,618
Other local sources	<u>11,284,837</u>	<u>336,388</u>	<u>9,594,251</u>	<u>4,805,887</u>	<u>26,021,363</u>
Total revenues	<u>80,806,907</u>	<u>336,388</u>	<u>14,453,812</u>	<u>7,924,775</u>	<u>103,521,882</u>
Expenditures:					
Current:					
Certificated salaries	31,252,016	-	-	55,319	31,307,335
Classified salaries	11,750,649	257,278	-	1,358,105	13,366,032
Employee benefits	18,612,958	96,958	-	634,908	19,344,824
Books and supplies	3,847,482	1,614	-	891,335	4,740,431
Contract services and operating expenditures	6,750,279	202,154	-	87,401	7,039,834
Other outgo	202,418	-	-	-	202,418
Capital outlay	1,316,821	21,482,229	-	750,701	23,549,751
Debt service:					
Principal retirement	328,054	-	12,300,000	690,000	13,318,054
Interest	<u>11,432</u>	-	<u>7,408,414</u>	<u>1,540,548</u>	<u>8,960,394</u>
Total expenditures	<u>74,072,109</u>	<u>22,040,233</u>	<u>19,708,414</u>	<u>6,008,317</u>	<u>121,829,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,734,798</u>	<u>(21,703,845)</u>	<u>(5,254,602)</u>	<u>1,916,458</u>	<u>(18,307,191)</u>
Other financing sources (uses):					
Transfers in	74,280	-	-	739,872	814,152
Transfers out	<u>(739,872)</u>	-	-	<u>(74,280)</u>	<u>(814,152)</u>
Total other financing sources (uses)	<u>(665,592)</u>	-	-	<u>665,592</u>	-
Net change in fund balances	6,069,206	(21,703,845)	(5,254,602)	2,582,050	(18,307,191)
Fund balances, July 1, 2020	<u>11,015,206</u>	<u>31,602,393</u>	<u>28,791,552</u>	<u>3,191,978</u>	<u>74,601,129</u>
Cumulative effect of GASB 84 implementation	-	-	-	341,385	341,385
Fund balance, July 1, 2020, as restated	<u>11,015,206</u>	<u>31,602,393</u>	<u>28,791,552</u>	<u>3,533,363</u>	<u>74,942,514</u>
Fund balances, June 30, 2021	<u>\$ 17,084,412</u>	<u>\$ 9,898,548</u>	<u>\$ 23,536,950</u>	<u>\$ 6,115,413</u>	<u>\$ 56,635,323</u>

See accompanying notes to financial statements.

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

Net change in fund balances - Total Governmental Funds		\$ (18,307,191)
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 24,138,682	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(12,564,528)	
In governmental funds, debt issued at a premium is recognized as an other financing source. In government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 5).	1,711,884	
Repayment of principal on long-term debt is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	13,318,054	
Accretion of interest increases long-term liabilities in the government-wide financial statements and is not recorded in the fund financial statements (Note 5).	(2,129,658)	
In the governmental funds, interest on long-term liabilities 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.	237,780	
Amortization of deferred gain or loss from debt refunding decreases in the government-wide financial statements and is not recorded in the fund financial statements (Note 5).	(75,674)	
In governmental 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 (Notes 7 and 8).	(764,775)	
In the statement of activities, expenses related to total OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 9).	<u>(400,161)</u>	<u>23,471,604</u>
Change in net position of governmental activities		<u>\$ 5,164,413</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2021

	Foundation Trust <u>Fund</u>
ASSETS	
Cash and investments (Note 2):	
Cash in County Treasury	\$ 34,655
Receivables	<u>5</u>
 Total assets	 <u>34,660</u>
NET POSITION	
 Restricted for insurance activities	 <u>\$ 34,660</u>

See accompanying notes to financial statements.

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

	Foundation Trust <u>Fund</u>
Additions:	
Other local sources	\$ 146
Net position, July 1, 2020	<u>34,514</u>
Net position, June 30, 2021	<u>\$ 34,660</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District has determined the following represent component units:

The District and the Tahoe-Truckee Unified School District Financing Corporation (the "Corporation") have a financial and operational relationship, which meets the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a blended component unit of the District.

The District and the Tahoe Truckee Unified School District Facilities Improvement Districts 1 and 2 (SFIDs) have a financial and operational relationship which meets the reporting entity definition criteria of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the SFIDs as a blended component unit of the District.

The following are those aspects of the relationship between the District and the Corporation and the District and the SFIDs which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, as amended by criteria:

A - Accountability:

1. The Corporation and SFIDs' Board of Directors was appointed by the District's Board of Trustees.
2. The Corporation and the SFIDs have no employees. The District's Executive Director functions as the agent of the Corporation and SFIDs and do not receive additional compensation for work performed in this capacity.
3. The District's Board exercises significant influence over operations of the Corporation and SFIDs as the District is the sole lessee of all facilities owned by the Corporation and SFIDs.
4. All major financing arrangements, contracts, and other transactions of the Corporation and SFIDs must have the consent of the District.
5. Any deficits incurred by the Corporation and SFIDs will be reflected in the lease payments of the District. Any surpluses of the Corporation and SFIDs revert to the District at the end of the lease period.
6. The District's lease payments are the sole revenue source of the Corporation and SFIDs.
7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation and SFIDs.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B - Scope of Public Service: The Corporation and SFIDs were formed for the sole purpose of financially assisting the District. The Corporation and SFIDs were formed to provide financing assistance to the District for construction, rehabilitation and acquisition of major capital facilities to support the student population.

C - Financial Presentation: For financial presentation purposes, the Corporation and SFIDs' financial activity has been blended with the financial data of the District. The basic financial statements present the Corporation and SFIDs' financial activity within the Building and Capital Facilities Funds.

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

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

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

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

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

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. 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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds:

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

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

B - Other Funds:

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

Capital Facilities Fund: The Capital Facilities Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

County School Facilities Fund: The County School Facilities Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

Foundation Trust Fund: The Foundation Trust Fund is a trust fund used to account for amounts held by the District as Trustee.

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

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees satisfied these requirements.

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

Stores Inventory: Inventory is valued at latest invoice cost. Inventory recorded in the General and Cafeteria Funds consists mainly of consumable supplies. Inventory is recorded as an expenditure at the time individual inventory items are consumed or used in meal production.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years, depending on asset types.

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

In addition to liabilities, the statement of net position 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(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 16,128,842	\$ 4,586,216	\$ 20,715,058
Deferred inflows of resources	<u>\$ 2,124,000</u>	<u>\$ 170,000</u>	<u>\$ 2,294,000</u>
Net pension liability	<u>\$ 49,741,000</u>	<u>\$ 25,572,000</u>	<u>\$ 75,313,000</u>
Pension expense	<u>\$ 10,408,740</u>	<u>\$ 4,398,621</u>	<u>\$ 14,807,361</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences in the amount of \$344,018 are recorded as a liability of the District. The liability is for the earned but unused benefits.

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

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

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

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

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At April 9th, 2014, the District established a minimum reserve for economic uncertainty policy of 10% to 16% of total General Fund expenditures. As of June 30, 2021, the District has a reserve of \$11,534,276 or 15.42%.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The Counties of Placer, Nevada and El Dorado bill and collect taxes for the District. Tax revenues are recognized by the District when received.

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.

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$341,385.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Pooled Funds:		
Cash in County Treasury	\$ 52,488,270	\$ 34,655
Deposits:		
Cash in revolving fund	20,000	-
Cash on hand and in banks	326,331	-
Cash with fiscal agent	3,778,961	-
Cash awaiting deposit	3,950	-
Total cash	\$ 56,617,512	\$ 34,655

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in the financial statements at the amounts based upon the District's pro-rate 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$346,331 and the bank balance was \$336,202, of which \$278 was uninsured by the FDIC.

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

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at 2020-21 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 20,774	\$ 1,669
Non-Major Funds:		
Child Development	1,669	-
Cafeteria	<u>-</u>	<u>20,774</u>
Totals	<u>\$ 22,443</u>	<u>\$ 22,443</u>

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

Transfers for the 2020-2021 fiscal year were as follows:

Transfer from the Adult Education Fund to the General Fund for allocation of indirect costs.	\$ 6,823
Transfer from the Child Development Fund to the General Fund for allocation of indirect costs.	6,784
Transfer from the Cafeteria Fund to the General Fund for allocation of indirect costs.	60,673
Transfer from the General Fund to the Child Development Fund for a general contribution.	228,530
Transfer from the General Fund to the Cafeteria Fund for a general contribution.	<u>511,342</u>
Total	<u>\$ 814,152</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, <u>2020</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 4,365,750	\$ -	\$ -	\$ 4,365,750
Work-in-process	153,999,566	1,211,344	146,486,792	8,724,118
Depreciable:				
Improvement of sites	13,572,762	-	-	13,572,762
Buildings	230,494,810	167,326,308	-	397,821,118
Equipment	<u>11,087,812</u>	<u>2,087,822</u>	-	<u>13,175,634</u>
Totals, at cost	<u>413,520,700</u>	<u>170,625,474</u>	<u>146,486,792</u>	<u>437,659,382</u>
Less accumulated depreciation:				
Improvement of sites	(9,902,091)	(787,254)	-	(10,689,345)
Buildings	(78,784,712)	(10,865,236)	-	(89,649,948)
Equipment	<u>(5,978,334)</u>	<u>(912,038)</u>	-	<u>(6,890,372)</u>
Total accumulated depreciation	<u>(94,665,137)</u>	<u>(12,564,528)</u>	-	<u>(107,229,665)</u>
Governmental activities capital assets, net	<u>\$ 318,855,563</u>	<u>\$ 158,060,946</u>	<u>\$ 146,486,792</u>	<u>\$ 330,429,717</u>

Depreciation expense was charged to governmental activities as follows:

Plant services	<u>\$ 12,564,528</u>
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(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES

Capitalized Lease Obligations: The District leases certain equipment under a capital lease purchase agreement. The capitalized value for the equipment was \$3,841,277 with accumulated depreciation of \$3,555,909 as of June 30, 2021. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payments</u>
2022	\$ <u>204,442</u>
Less amount representing interest	<u>(3,079)</u>
Net minimum lease payments	<u>\$ 201,363</u>

Current Interest Bonds

<u>Date of Issuance</u>	<u>Interest Rate Percent</u>	<u>Maturity Date</u>	<u>Amount of Original Issuance</u>	<u>Outstanding July 1, 2020</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2021</u>
2002	3.25 - 5.50	2021	\$ 21,155,000	\$ 3,095,000	\$ -	\$ 3,095,000	\$ -
2002	3.25 - 5.50	2021	15,835,000	2,310,000	-	2,310,000	-
2005	6.00	2020	4,080,000	1,425,000	-	1,425,000	-
2012	2.0 - 5.00	2030	11,605,000	8,030,000	-	670,000	7,360,000
2013	2.0 - 5.00	2025	3,615,000	970,000	-	295,000	675,000
2013	2.0 - 5.00	2031	13,450,000	9,040,000	-	675,000	8,365,000
2014	3.0 - 4.00	2047	20,000,000	2,840,000	-	-	2,840,000
2014	1.5 - 4.00	2047	19,500,000	13,010,000	-	-	13,010,000
2017	5.0	2040	54,000,000	54,000,000	-	610,000	53,390,000
2017	5.0	2042	30,000,000	30,000,000	-	205,000	29,795,000
2018	1.0 - 5.0	2035	40,000,000	38,405,000	-	2,590,000	35,815,000
2018	3.0 - 5.0	2037	12,500,000	11,380,000	-	425,000	10,955,000
			<u>\$ 252,030,000</u>	<u>\$ 174,505,000</u>	<u>\$ -</u>	<u>\$ 12,300,000</u>	<u>\$ 162,205,000</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 4,385,000	\$ 7,022,869	\$ 11,407,869
2023	4,825,000	6,834,856	11,659,856
2024	5,205,000	6,626,881	11,831,881
2025	5,695,000	6,383,356	12,078,356
2026	6,135,000	6,103,806	12,238,806
2027-2031	40,935,000	25,517,766	66,452,766
2032-2036	45,935,000	16,201,166	62,136,166
2037-2041	37,015,000	6,663,131	43,678,131
2042-2046	9,960,000	1,229,434	11,189,434
2047	2,115,000	51,113	2,166,113
	<u>\$ 162,205,000</u>	<u>\$ 82,634,378</u>	<u>\$ 244,839,378</u>

Capital Appreciation Bonds

Date of Issuance	Interest Rate Percent	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2020	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2021
1999	8.50 - 8.56	2025	\$ 2,123,617	\$ 11,502,649	\$ 1,000,392	\$ -	\$ 12,503,041
1999	8.54 - 8.55	2025	1,573,994	8,578,699	748,940	-	9,327,639
2005	12.63	2025	821,340	2,135,124	136,188	-	2,271,312
2005	11.15	2025	1,680,084	4,101,843	244,138	-	4,345,981
			<u>\$ 6,199,035</u>	<u>\$ 26,318,315</u>	<u>\$ 2,129,658</u>	<u>\$ -</u>	<u>\$ 28,447,973</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the capital appreciation bonds payable, outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,500,982	\$ 489,018	\$ 5,990,000
2023	5,474,836	815,164	6,290,000
2024	5,442,148	1,157,852	6,600,000
2025	5,412,714	1,522,286	6,935,000
2026	4,399,404	1,400,596	5,800,000
2027	<u>2,217,889</u>	<u>782,111</u>	<u>3,000,000</u>
	<u>\$ 28,447,973</u>	<u>\$ 6,167,027</u>	<u>\$ 34,615,000</u>

Certificates of Participation

On September 4, 2019, the District issued \$40,000,000 of Certificates of Participation to finance the acquisition, construction, installation and equipping of certain real property at an interest rate ranging from 3.00%-5.00%. The Certificates of Participation mature through June 1, 2049.

The annual debt service requirements of the 2019 Certificates of Participation are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 700,000	\$ 1,507,450	\$ 2,207,450
2023	735,000	1,472,450	2,207,450
2024	770,000	1,435,700	2,205,700
2025	810,000	1,397,200	2,207,200
2026	850,000	1,356,700	2,206,700
2027-2031	4,935,000	6,101,500	11,036,500
2032-2036	6,280,000	4,751,700	11,031,700
2037-2041	7,680,000	3,354,100	11,034,100
2042-2046	9,220,000	1,815,000	11,035,000
2047-2051	<u>6,240,000</u>	<u>378,000</u>	<u>6,618,000</u>
	<u>\$ 38,220,000</u>	<u>\$ 23,569,800</u>	<u>\$ 61,789,800</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
<u>Debt:</u>					
Capitalized lease obligations	\$ 554,417	\$ -	\$ 353,054	\$ 201,363	\$ 201,362
General Obligation Bonds:					
Current interest	174,505,000	-	12,300,000	162,205,000	4,385,000
Capital appreciation	26,318,315	2,129,658	-	28,447,973	-
Unamortized premiums	23,440,366	-	1,711,884	21,728,482	-
<u>Certificates of Participation:</u>					
Certificates of Participation	38,885,000	-	665,000	38,220,000	700,000
<u>Other Long-Term Liabilities:</u>					
Net pension liability (Notes 7 and 8)	70,462,000	4,851,000	-	75,313,000	-
Total OPEB liability (Note 9)	5,497,006	621,795	-	6,118,801	-
Compensated absences	343,858	160	-	344,018	-
	<u>\$340,005,962</u>	<u>\$ 7,602,613</u>	<u>\$15,029,938</u>	<u>\$ 332,578,637</u>	<u>\$ 5,286,362</u>

Payments on the capitalized lease obligations are made from the General and Capital Facilities Funds. Payments on the General Obligation Bonds and the Certificates of Participations are made from the Bond Interest and Redemption Fund and Capital Facilities Fund, respectively. Payments on the OPEB obligations are made from the general fund and compensated absences are made from the fund for which the related employee worked.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - FUND BALANCE

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventory	20,099	-	-	65,811	85,910
Prepaid expenditures	<u>49,939</u>	<u>-</u>	<u>-</u>	<u>6,583</u>	<u>56,522</u>
Subtotal nonspendable	<u>90,038</u>	<u>-</u>	<u>-</u>	<u>72,394</u>	<u>162,432</u>
Restricted:					
Unspent categorical revenues	3,482,549	-	-	-	3,482,549
Student body activities	-	-	-	323,331	323,331
Adult education	-	-	-	165,524	165,524
Child development	-	-	-	42,098	42,098
Cafeteria	-	-	-	11,203	11,203
Deferred maintenance	-	-	-	246,012	246,012
Capital projects	-	9,898,548	-	5,254,851	15,153,399
Debt service	-	-	23,536,950	-	23,536,950
Subtotal restricted	<u>3,482,549</u>	<u>9,898,548</u>	<u>23,536,950</u>	<u>6,043,019</u>	<u>42,961,066</u>
Assigned:					
Medical Administrative Activities	218,089	-	-	-	218,089
Tech Replacement	61,964	-	-	-	61,964
Bus Replacement	141,771	-	-	-	141,771
Truckee Tahoe Media	35,017	-	-	-	35,017
Lottery	<u>1,520,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,520,708</u>
Subtotal assigned	<u>1,977,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,977,549</u>
Unassigned:					
Designated for economic uncertainty	<u>11,534,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,534,276</u>
Total fund balances	<u>\$ 17,084,412</u>	<u>\$ 9,898,548</u>	<u>\$ 23,536,950</u>	<u>\$ 6,115,413</u>	<u>\$ 56,635,323</u>

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

Also, SB 90 appropriated future supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, Rainy-Day Budget Stabilization Fund Act which passed in 2014. Accordingly, the contribution amounts are subject to change each year. For fiscal year 2019-20, CalSTRS received \$1.1 billion of supplemental state contributions pursuant to SB 90.

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

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

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and SB84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-21. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-21.

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

The District contributed \$7,947,842 to the plan for the fiscal year ended June 30, 2021.

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

District's proportionate share of the net pension liability	\$ 49,741,000
State's proportionate share of the net pension liability associated with the District	<u>27,183,000</u>
Total	<u>\$ 76,924,000</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020, the District's proportion was 0.051 percent, which remained unchanged from its proportion measured as of June 30, 2019.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

For the year ended June 30, 2021, the District recognized pension expense of \$10,408,740 and revenue of \$3,605,522 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 88,000	\$ 1,403,000
Changes of assumptions	4,850,000	-
Net differences between projected and actual earnings on investments	1,182,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,061,000	721,000
Contributions made subsequent to measurement date	<u>7,947,842</u>	<u>-</u>
Total	<u>\$ 16,128,842</u>	<u>\$ 2,124,000</u>

\$7,947,842 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 798,016
2023	\$ 1,796,017
2024	\$ 2,398,017
2025	\$ 929,350
2026	\$ 146,600
2027	\$ (11,000)

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

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

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

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

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

* 20-year geometric average

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

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

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	\$ 75,151,000	\$ 49,741,000	\$ 28,761,000

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

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

General Information about the Public Employer's Retirement Fund B

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

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

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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

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

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

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

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

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

The District contributed \$2,489,216 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$25,572,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2020 the District's proportion was 0.082 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2019.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$4,398,621 and revenue of \$0 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,268,000	\$ -
Changes of assumptions	94,000	-
Net differences between projected and actual earnings on investments	533,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	202,000	170,000
Contributions made subsequent to measurement date	<u>2,489,216</u>	<u>-</u>
Total	<u>\$ 4,586,216</u>	<u>\$ 170,000</u>

\$2,489,216 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 602,250
2023	\$ 608,250
2024	\$ 471,250
2025	\$ 245,250

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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

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

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

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

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

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

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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

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

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

	1% Decrease <u>(6.15%)</u>	Current Discount <u>Rate (7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$ 36,764,000</u>	<u>\$ 25,572,000</u>	<u>\$ 16,283,000</u>

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

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees through an implicit rate subsidy for all retirees who elect to purchase benefits at the District’s negotiated insurance premium rates. The plan does not issue separate financial statements.

The Tahoe Truckee Unified School District’s Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District’s retirement plan to continue medical, dental and vision coverage as a participant in the District’s plan. The District’s Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District’s Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2021 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District’s Total OPEB Liability.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020 (measurement date):

	<u>Number of Participants</u>
Inactive Employees Receiving Benefits	41
Participating Active Employees	520
	561

Benefits Provided are noted below:

	⁴ <u>Certificated</u>	² <u>Classified</u>	³ <u>Confidential</u>	³ <u>Management</u>
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	To age 65	To age 65	10 years but not beyond 65	To age 65
Required Service	20 years	20 years	10 years	5 years
Minimum Age	55	55	50	50/55 ¹
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution Percent	100%	75% at age 55; 80% at age 56; 90% at age 57; 100% at age 58 or older	100%	100%
District Cap	Active cap currently \$791.66 per Month	\$808.33 per month ⁵	Active cap currently \$808.33 per month	Active cap currently \$808.33 per month

¹ Depending on retirement system.

² Only employees hired prior to September 1, 1988 are eligible.

³ Only employees hired prior to October 17, 2006 are eligible.

⁴ Only employees hired prior to June 30, 1988 are eligible.

⁵ Cap for current retirees. Cap is frozen at retirement.

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Contributions to the Plan from the District were \$254,633 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

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

<u>Valuation Date</u>	June 30, 2019
<u>Fiscal Year End</u>	June 30
<u>Actuarial Value of Assets</u>	Market Value
<u>Mortality Rate</u>	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2009 experience study.
<u>Discount Rate as of June 30, 2019</u>	2.20%. Based on the Bond Buyer 20-Bond Index, as published by the Federal Reserve.
<u>Assumed Investment Return</u>	Not applicable since the plan is unfunded.
<u>Retirement Rate</u>	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2009)
<u>Inflation Rate</u>	2.63% per year
<u>Dependent Coverage</u>	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).
<u>Health Trend Rate:</u>	4%

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.20%. The municipal bond rate was based on the week closest but not later than the measurement date of the June 30, 2020 index as published by the Federal Reserve. The June 30, 2020 index consists of general obligation bonds that mature in 20 years. The average rating of the bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 5,497,006
Changes for the year:	
Service cost	315,672
Interest	189,943
Differences between actual and expected experience	43,885
Changes in assumptions	571,987
Benefit payments	<u>(499,692)</u>
Net change	<u>621,795</u>
Balance at June 30, 2021	<u>\$ 6,118,801</u>

There were no changes between the measurement date and the year ended June 30, 2021 which had a significant effect on the District's total OPEB liability. The discount rate for OPEB was 2.20 and 3.50 percent in the June 30, 2020 and 2019 actuarial reports, respectively.

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

	1% Decrease <u>(1.20%)</u>	Current Discount Rate <u>(2.20%)</u>	1% Increase <u>(3.20%)</u>
Total OPEB liability	<u>\$ 6,503,945</u>	<u>\$ 6,118,801</u>	<u>\$ 5,659,764</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

	1% Decrease <u>(3.00%)</u>	Healthcare Cost Trend Rates Rate <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Total OPEB liability	\$ 5,733,273	\$ 6,118,801	\$ 6,545,365

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$810,402. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,652,660	\$ -
Changes of assumptions	614,479	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>254,633</u>	<u>-</u>
Total	<u>\$ 3,521,772</u>	<u>\$ -</u>

\$254,633 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

Years Ended <u>June 30</u>		
2022	\$	306,465
2023	\$	306,465
2024	\$	306,465
2025	\$	306,465
2026	\$	306,465
Thereafter	\$	1,734,814

Changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 12.5 years as of the June 30, 2019 measurement date.

NOTE 10 - JOINT POWERS AGREEMENTS

The District is a member of two Joint Powers Authorities (JPAs), Schools Insurance Group (SIG) for the common risk management and insurance related to workers' compensation and property/liability and Tri-County Schools Insurance Group (TRISIG) for common risk management and insurance related to healthcare. The membership includes other school districts in Placer, Nevada and Sutter Counties. The JPA's provide first dollar coverage and insure risk up to statutory limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of financial information of SIG as of June 30, 2020 (the most recent information available):

	<u>SIG</u>
Total assets	\$ 111,774,531
Deferred outflows	\$ 288,284
Total liabilities	\$ 41,450,340
Deferred inflows	\$ 73,223
Total net position	\$ 70,539,252
Total revenues	\$ 98,672,583
Total expenditures	\$ 94,629,709
Change in net position	\$ 4,042,874

The relationship between Tahoe Truckee Unified School District and each Joint Powers Authority is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 - CONTINGENCIES

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

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not be material.

At June 30, 2021, the District had approximately \$3.7 million in outstanding construction contract commitments.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 2,458,915	\$ 2,643,294	\$ 2,643,294	\$ -
Local sources	<u>52,405,878</u>	<u>53,463,852</u>	<u>53,463,852</u>	<u>-</u>
Total LCFF	<u>54,864,793</u>	<u>56,107,146</u>	<u>56,107,146</u>	<u>-</u>
Federal sources	1,553,421	4,909,039	4,909,039	-
Other state sources	4,889,371	8,505,885	8,505,885	-
Other local sources	<u>10,168,444</u>	<u>11,284,837</u>	<u>11,284,837</u>	<u>-</u>
Total revenues	<u>71,476,029</u>	<u>80,806,907</u>	<u>80,806,907</u>	<u>-</u>
Expenditures:				
Current:				
Certificated salaries	29,903,379	31,252,016	31,252,016	-
Classified salaries	11,641,159	11,750,649	11,750,649	-
Employee benefits	18,524,378	18,612,958	18,612,958	-
Books and supplies	3,075,236	3,847,482	3,847,482	-
Contract services and operating expenditures	6,405,565	6,750,279	6,750,279	-
Other outgo	156,606	202,418	202,418	-
Capital outlay	434,397	1,316,821	1,316,821	-
Debt service:				
Principal retirement	306,781	328,054	328,054	-
Interest	<u>35,764</u>	<u>11,432</u>	<u>11,432</u>	<u>-</u>
Total expenditures	<u>70,483,265</u>	<u>74,072,109</u>	<u>74,072,109</u>	<u>-</u>
(Deficiency)/excess of revenues (under) over expenditures	992,764	6,734,798	6,734,798	-
Other financing sources (uses):				
Transfers in	74,280	74,280	74,280	-
Transfers out	<u>(775,229)</u>	<u>(739,872)</u>	<u>(739,872)</u>	<u>-</u>
Total other financing sources (uses)	<u>(700,949)</u>	<u>(665,592)</u>	<u>(665,592)</u>	<u>-</u>
Net change in fund balance	291,815	6,069,206	6,069,206	-
Fund balance, July 1, 2020	<u>11,015,206</u>	<u>11,015,206</u>	<u>11,015,206</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 11,307,021</u>	<u>\$ 17,084,412</u>	<u>\$ 17,084,412</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

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

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 42,603	\$ 43,775	\$ 42,698	\$ 315,672
Interest	100,775	99,438	87,982	189,943
Change in assumptions	-	(35,278)	105,061	571,987
Experience (Gains)/Losses	-	-	3,168,638	43,885
Benefit payments	<u>(399,068)</u>	<u>(415,027)</u>	<u>(402,696)</u>	<u>(499,692)</u>
Net change in total OPEB liability	(255,690)	(307,092)	3,001,683	621,795
Total OPEB liability, beginning of year	<u>3,058,105</u>	<u>2,802,415</u>	<u>2,495,323</u>	<u>5,497,006</u>
Total OPEB liability, end of year	<u>\$ 2,802,415</u>	<u>\$ 2,495,323</u>	<u>\$ 5,497,006</u>	<u>\$ 6,118,801</u>
Covered employee payroll	\$ 2,623,098	\$ 2,623,098	\$ 2,623,098	\$ 2,623,098
Total OPEB liability as a percentage of covered-employee payroll	107%	95%	210%	233%

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

See accompanying note to required supplementary information.

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

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.049%	0.050%	0.050%	0.048%	0.049%	0.051%	0.051%
District's proportionate share of the net pension liability	\$ 28,668,000	\$ 33,980,000	\$ 40,081,000	\$ 44,518,000	\$ 44,997,000	\$ 46,475,000	\$ 49,741,000
State's proportionate share of the net pension liability associated with the District	<u>17,311,000</u>	<u>17,971,000</u>	<u>22,820,000</u>	<u>26,337,000</u>	<u>25,763,000</u>	<u>25,356,000</u>	<u>27,183,000</u>
Total net pension liability	<u>\$ 45,979,000</u>	<u>\$ 51,951,000</u>	<u>\$ 62,901,000</u>	<u>\$ 70,855,000</u>	<u>\$ 70,760,000</u>	<u>\$ 71,831,000</u>	<u>\$ 76,924,000</u>
District's covered payroll	\$ 21,851,000	\$ 23,426,000	\$ 24,699,000	\$ 25,613,000	\$ 26,131,000	\$ 28,423,000	\$ 28,662,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	172.20%	163.51%	173.54%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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

All years prior to 2015 are not available.

(Continued)

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

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.084%	0.084%	0.086%	0.085%	0.083%	0.082%	0.083%
District's proportionate share of the net pension liability	\$ 9,525,000	\$ 12,374,000	\$ 17,015,000	\$ 20,351,000	\$ 22,066,000	\$ 23,987,000	\$ 25,572,000
District's covered payroll	\$ 8,808,000	\$ 9,293,000	\$ 10,335,000	\$ 10,975,000	\$ 12,316,000	\$ 11,431,000	\$ 12,077,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.15%	164.63%	185.43%	179.17%	209.84%	211.74%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

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

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 2,080,255	\$ 2,650,024	\$ 3,222,130	\$ 3,770,663	\$ 4,627,338	\$ 4,901,216	\$ 7,947,842
Contributions in relation to the contractually required contribution	<u>(2,080,255)</u>	<u>(2,650,024)</u>	<u>(3,222,130)</u>	<u>(3,770,663)</u>	<u>(4,627,338)</u>	<u>(4,901,216)</u>	<u>(7,947,842)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 23,426,000	\$ 24,699,000	\$ 25,613,000	\$ 26,131,000	\$ 28,423,000	\$ 28,662,000	\$ 41,612,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**

All years prior to 2015 are not available.

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

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

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

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 1,093,936	\$ 1,224,444	\$ 1,524,277	\$ 1,710,738	\$ 2,064,705	\$ 2,381,619	\$ 2,442,222
Contributions in relation to the contractually required contribution	<u>(1,093,936)</u>	<u>(1,224,444)</u>	<u>(1,524,277)</u>	<u>(1,710,738)</u>	<u>(2,064,705)</u>	<u>(2,381,619)</u>	<u>(2,442,222)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,293,000	\$ 10,335,000	\$ 10,975,000	\$ 12,316,000	\$ 11,431,000	\$ 12,077,000	\$ 11,798,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

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

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

F - Changes of Assumptions: The discount rate for OPEB was 3.50, 3.80, 3.50 and 2.20 percent in the June 30, 2017, 2018, 2019 and 2020 actuarial reports, respectively.

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

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

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

SUPPLEMENTARY INFORMATION

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total
ASSETS								
Cash in County Treasury	\$ -	\$ 154,728	\$ 23,105	\$ (499,541)	\$ 246,012	\$ 2,954,886	\$ 2,153,257	\$ 5,032,447
Cash in banks	323,331	-	-	500	-	500	-	324,331
Receivables	-	19,214	35,597	563,896	-	151,528	338	770,573
Stores inventory	-	-	-	65,811	-	-	-	65,811
Due from other funds	-	-	1,669	-	-	-	-	1,669
Prepaid expenditures	-	-	-	2,312	-	4,271	-	6,583
Total assets	<u>\$ 323,331</u>	<u>\$ 173,942</u>	<u>\$ 60,371</u>	<u>\$ 132,978</u>	<u>\$ 246,012</u>	<u>\$ 3,111,185</u>	<u>\$ 2,153,595</u>	<u>\$ 6,201,414</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 8,418	\$ 18,273	\$ 32,878	\$ -	\$ 5,658	\$ -	\$ 65,227
Due to other funds	-	-	-	20,774	-	-	-	20,774
Total liabilities	<u>-</u>	<u>8,418</u>	<u>18,273</u>	<u>53,652</u>	<u>-</u>	<u>5,658</u>	<u>-</u>	<u>86,001</u>
Fund balances:								
Nonspendable	-	-	-	68,123	-	4,271	-	72,394
Restricted	323,331	165,524	42,098	11,203	246,012	3,101,256	2,153,595	6,043,019
Total fund balance	<u>323,331</u>	<u>165,524</u>	<u>42,098</u>	<u>79,326</u>	<u>246,012</u>	<u>3,105,527</u>	<u>2,153,595</u>	<u>6,115,413</u>
Total liabilities and fund balances	<u>\$ 323,331</u>	<u>\$ 173,942</u>	<u>\$ 60,371</u>	<u>\$ 132,978</u>	<u>\$ 246,012</u>	<u>\$ 3,111,185</u>	<u>\$ 2,153,595</u>	<u>\$ 6,201,414</u>

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

	Student Activity <u>Fund</u>	Adult Education <u>Fund</u>	Child Development <u>Fund</u>	Cafeteria <u>Fund</u>	Deferred Maintenance <u>Fund</u>	Capital Facilities <u>Fund</u>	County School Facilities <u>Fund</u>	<u>Total</u>
Revenues:								
Local Control Funding Formula (LCFF):								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
Federal sources	-	9,125	11,025	1,241,566	-	-	-	1,261,716
Other state sources	-	169,144	197,805	88,043	-	-	1,202,180	1,657,172
Other local sources	256,217	623	210,762	10,029	98	4,323,009	5,149	4,805,887
Total revenues	<u>256,217</u>	<u>178,892</u>	<u>419,592</u>	<u>1,339,638</u>	<u>200,098</u>	<u>4,323,009</u>	<u>1,207,329</u>	<u>7,924,775</u>
Expenditures:								
Current:								
Certificated salaries	-	55,319	-	-	-	-	-	55,319
Classified salaries	-	92,044	392,385	800,374	-	73,302	-	1,358,105
Employee benefits	-	41,326	194,916	369,496	-	29,170	-	634,908
Books and supplies	274,271	4,566	28,886	583,612	-	-	-	891,335
Contract services and operating expenditures	-	5,816	456	38,545	73	42,511	-	87,401
Capital outlay	-	-	-	-	-	750,701	-	750,701
Debt service:								
Principal retirement	-	-	-	-	-	690,000	-	690,000
Interest	-	-	-	-	-	1,540,548	-	1,540,548
Total expenditures	<u>274,271</u>	<u>199,071</u>	<u>616,643</u>	<u>1,792,027</u>	<u>73</u>	<u>3,126,232</u>	<u>-</u>	<u>6,008,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,054)</u>	<u>(20,179)</u>	<u>(197,051)</u>	<u>(452,389)</u>	<u>200,025</u>	<u>1,196,777</u>	<u>1,207,329</u>	<u>1,916,458</u>
Other financing sources (uses):								
Transfers in	-	-	228,530	511,342	-	-	-	739,872
Transfers out	-	(6,823)	(6,784)	(60,673)	-	-	-	(74,280)
Total other financing (uses) sources	<u>-</u>	<u>(6,823)</u>	<u>221,746</u>	<u>450,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,592</u>
Net change in fund balances	<u>(18,054)</u>	<u>(27,002)</u>	<u>24,695</u>	<u>(1,720)</u>	<u>200,025</u>	<u>1,196,777</u>	<u>1,207,329</u>	<u>2,582,050</u>
Fund balance, July 1, 2020	<u>-</u>	<u>192,526</u>	<u>17,403</u>	<u>81,046</u>	<u>45,987</u>	<u>1,908,750</u>	<u>946,266</u>	<u>3,191,978</u>
Cumulative effect of GASB 84 implementation	341,385	-	-	-	-	-	-	341,385
Fund balance, July 1, 2020, as restated	<u>341,385</u>	<u>192,526</u>	<u>17,403</u>	<u>81,046</u>	<u>45,987</u>	<u>1,908,750</u>	<u>946,266</u>	<u>3,533,363</u>
Fund balance, June 30, 2021	<u>\$ 323,331</u>	<u>\$ 165,524</u>	<u>\$ 42,098</u>	<u>\$ 79,326</u>	<u>\$ 246,012</u>	<u>\$ 3,105,527</u>	<u>\$ 2,153,595</u>	<u>\$ 6,115,413</u>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

Tahoe Truckee Unified School District was established in 1949 and is comprised of an area of approximately 700 square miles located in Placer, Nevada and El Dorado Counties. There were no changes in the boundaries of the District during the current year. The District is currently operating five elementary schools, two middle schools, two high schools, one continuation high school and an adult education program.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kim Szczurek	President	December 2022
Gaylan Larson	Clerk	December 2022
Dianna Driller	Member	December 2022
Cris Hennessey	Member	December 2024
Kirsten Livak	Member	December 2024

ADMINISTRATION

Carmen Ghysels
Superintendent/Chief Learning Officer

Todd Rivera
Executive Director of Business Services

Jeffrey Santos
Executive Director of Student Services

Valerie Del Principe-Simpson
Executive Director of Educational Services

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2021

	Number of Days Traditional <u>Calendar</u>	<u>Status</u>
DISTRICT		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

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

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
	Special Education Cluster:		
84.027	Special Education - Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 639,052
84.027	Special Ed IDEA: Mental Health Allocation Plan, Part B, Section 611	15197	49,737
84.173	Special Ed IDEA: Preschool Grant, Part B, Section 619	13430	21,756
84.173A	Special Ed: IDEA Preschool Capacity Building, Part B, Section 619	13839	<u>16,398</u>
	Subtotal Special Education Cluster		<u>726,943</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ELA (Section 231)	14508	2,230
84.002	Adult Education: Adult Secondary Education	13978	6,111
84.002	Adult Education: English Literacy and Civics Education	14750	<u>784</u>
	Subtotal Adult Education Programs		<u>9,125</u>
84.010	ESEA: Title I, Part A, Basic Grants Low Income and Neglected	14329	268,433
84.365	ESSA: Title III, Immigrant Education Program	15146	6,879
84.365	ESSA: Title III, English Learner Student Program	14346	65,245
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425D	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund 1	15536	199,163
84.425D	COVID-19: ESSER II	15547	1,200,792
84.425C	COVID-19: Governor's Emergency Education Relief Fund (GEER): Learning Loss Mitigation	15517	<u>234,146</u>
	Subtotal ESF Programs		<u>1,634,101</u>

(Continued)

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

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	21,627
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396	15,098
84.367	ESEA: Title II, Part A, Improving Teacher Quality	14341	61,873
84.126	Workability II, Transitions Partnership Program	10006	<u>61,011</u>
Total U.S. Department of Education			<u>2,870,335</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
Medi-Cal Cluster:			
93.778	Medi-Cal Billing Option	10013	\$ 65,645
93.778	Medi-Cal Administrative Activities	10060	<u>183,798</u>
Subtotal Medi-Cal Cluster			<u>249,443</u>
Total U.S. Department of Health and Human Services			<u>249,443</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
Child Nutrition Cluster:			
10.555	National School Lunch Program	13390	<u>1,241,566</u>
Total U.S. Department of Agriculture			<u>1,241,566</u>
<u>U.S. Department of the Treasury - Passed through California Department of Education</u>			
21.019	COVID-19: Coronavirus Relief Fund (CRF): Learning Loss Mitigation	25516	<u>1,313,526</u>
Total U.S. Department of Treasury			<u>1,313,526</u>
Total Federal Programs			<u>\$ 5,674,870</u>

See accompanying notes to supplementary information.

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

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

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

	(Budgeted) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 79,199,484	\$ 80,881,187	\$ 72,226,543	\$ 70,154,569
Expenditures	77,109,481	74,072,109	70,989,096	71,864,763
Other uses and transfers out	961,005	739,872	865,585	844,540
Total outgo	78,070,486	74,811,981	71,854,681	72,709,303
Change in fund balance	<u>\$ 1,128,998</u>	<u>\$ 6,069,206</u>	<u>\$ 371,862</u>	<u>\$ (2,554,734)</u>
Ending fund balance	<u>\$ 18,213,410</u>	<u>\$ 17,084,412</u>	<u>\$ 11,015,206</u>	<u>\$ 10,643,344</u>
Available reserves	<u>\$ 11,663,191</u>	<u>\$ 11,534,276</u>	<u>\$ 7,668,767</u>	<u>\$ 7,355,927</u>
Designated for economic uncertainties	<u>\$ 11,663,191</u>	<u>\$ 11,534,276</u>	<u>\$ 7,668,767</u>	<u>\$ 7,355,927</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>14.94%</u>	<u>15.42%</u>	<u>10.67%</u>	<u>10.12%</u>
Total long-term liabilities	<u>\$ 327,292,275</u>	<u>\$ 332,578,637</u>	<u>\$ 340,005,962</u>	<u>\$ 305,131,450</u>
Average daily attendance at P-2, excluding classes for adults	<u>3,687</u>	<u>3,671</u>	<u>3,671</u>	<u>3,695</u>

The General Fund fund balance has increased by \$3,886,334 over the past three years. The District has budgeted an increase of \$1,128,998 for the fiscal year ending June 30, 2022. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses be maintained. The District met this requirement.

The District has an operating deficit in one of the past three years, and anticipates incurring an operating surplus during the 2021-2022 fiscal year.

Total long-term liabilities have increased by \$27,447,187 over the past two years due to the issuance of General Obligation Bonds and the implementation of GASB 68 and 75.

Average daily attendance has decreased by 24 over the past two years. The District anticipates an increase of 16 for the fiscal year 2021-2022.

See accompanying notes to supplementary information.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2021

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

1180 – Sierra Expeditionary Learning School

Separate report

See accompanying notes to supplementary information.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Tahoe Truckee Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. As a sub-recipient of the State of California the District is using the approved indirect cost rate provided by the California Department of Education rather than the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

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

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt this program.

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

Board of Trustees
Tahoe Truckee Unified School District
Truckee, California

Report on Compliance with State Laws and Regulations

We have audited Tahoe Truckee Unified School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2021.

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

(Continued)

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

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

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

The District did not offer an Independent Study – Course Based, Attendance for charter schools, Mode of Instruction for charter schools, Nonclassroom-Based Instruction/Independent Study for charter schools, Determination of Funding for Nonclassroom-Based Instruction for charter schools, and Charter School Facility Grant Program, therefore, we did not perform any procedures related to these programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Tahoe Truckee Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Tahoe Truckee Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Tahoe Truckee Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2021-001 in the accompanying Schedule of Audit Findings and Questioned Costs, Tahoe Truckee Unified School District did not comply with requirements regarding Instructional Materials. Compliance with such requirements is necessary, in our opinion, for Tahoe Truckee Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Tahoe Truckee Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

Other Matter

Tahoe Truckee Unified School District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. Tahoe Truckee Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
January 14, 2022

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

Board of Trustees
Tahoe Truckee Unified School District
Truckee, 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 Tahoe Truckee Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tahoe Truckee Unified School District's basic financial statements, and have issued our report thereon dated January 14, 2022

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
January 14, 2022

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

Board of Trustees
Tahoe Truckee Unified School District
Truckee, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
January 14, 2022

FINDINGS AND RECOMMENDATIONS

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____	No
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

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

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

	_____ Yes	_____ X _____	No
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19: Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.425D, 84.425C	COVID-19: Emergency and Secondary School Emergency Relief Fund (ESSER) I, II, GEER Program

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

Auditee qualified as low-risk auditee? X Yes No

STATE AWARDS

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

(Continued)

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

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

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

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

2021-001 DEFICIENCY – STATE COMPLIANCE – INSTRUCTIONAL MATERIALS (70000)

Criteria: Determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by Education Code section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or COE having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition: The Governing Board did not make a determination as to the sufficiency of textbooks or instructional materials and additionally did not hold a public hearing as required by Education Code Section 60119.

Context: The District did not properly draft up a resolution for sufficiency instructional materials and provide to the Board in the proper timeframe due to an administrative oversight.

Effect: The District is out of compliance with state requirements.

Cause: The District's Governing Board did not make a determination as to the sufficiency of instructional materials or textbooks and did not hold a public hearing.

Fiscal Impact: Not determinable.

Recommendation: The District and Governing Board should ensure it makes a determination as to the sufficiency of instructional materials and textbooks and holds a public hearing prior the Governing Board making a resolution.

Views of Responsible Officials and Planned Corrective Action: Due to change in personnel and COVID related school closures, the public hearing was not scheduled, and textbook assurance documentation was not drafted and submitted to the board for approval. The District confirms that the public hearing was held, and textbook assurance documentation was presented to the board for fiscal year 2021/2022.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

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

No matters were reported.