

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2020

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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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, 2020, 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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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 54 to 59 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 March 11, 2021 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
March 11, 2021

**TAHOE-TRUCKEE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, 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 District's Financial status remains positive. The total net position increased by \$4,410,566 or 6.9%.
- Capital assets, net of depreciation, increased by \$57,022,945. 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 increased by \$34,874,512 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 increased 32 students from 3,95 to 3,987.
- The District maintains reserves that exceed the state required 3% minimum Reserve for Economic Uncertainties (REU). The total General Fund REU increased from 10.1% to 11.33%.

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 Adult Education, Child Development, Cafeteria, Deferred Maintenance and Capital Facilities Funds.

Fiduciary Funds

The District is the trustee, or fiduciary, for its student activity funds. 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 \$63,852,208 at June 30, 2019 to \$68,262,274 at June 30, 2020. This results in an increase of \$4,410,566 to the 2019 - 2020 net position.

Statement of Net Position		
	2019 - 2020	2018 - 2019
Current and Other Assets	\$ 86,055,164	\$ 103,124,319
Capital Assets	318,855,563	261,832,618
Total Assets	<u>404,910,727</u>	<u>364,956,937</u>
Deferred Outflows of resources	<u>22,523,861</u>	<u>19,874,012</u>
Current Liabilities	14,655,174	11,966,813
Other and Long Term Liabilities	340,005,962	305,131,450
Total Liabilities	<u>354,661,136</u>	<u>317,098,263</u>
Deferred Inflows of resources	<u>4,510,678</u>	<u>3,880,478</u>
Invested in captial assets, net of related debt	79,000,361	93,578,554
Restricted	41,663,481	36,884,426
Unrestricted	<u>(52,401,068)</u>	<u>(66,610,772)</u>
Total Net Position	<u>\$ 68,262,774</u>	<u>\$ 63,852,208</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 \$4,410,566 during fiscal year 2019 - 2020.

Changes In Net Position		
<i>Revenues</i>	2019 - 2020	2018 - 2019
Program Revenues:		
Charge For Services	\$ 3,047,699	\$ 490,182
Operating Grants	11,592,678	13,351,503
Capital Grants	939,576	
General Revenues:		
Property Taxes	77,140,076	71,943,587
Federal & State Aid	2,355,457	2,634,320
Other	5,100,530	5,917,952
	<u>100,176,016</u>	<u>94,337,544</u>
Program Expenses		
Instruction	44,043,773	43,485,466
Instruction Related Services	9,619,333	9,684,926
Pupil Services	11,013,517	10,521,641
General Administration	3,970,051	3,915,058
Plant Services	7,555,579	14,873,370
Ancillary Services	8,148,343	1,079,858
Enterprise Activities	-	717
Community Services	106,808	8,909
Other	11,308,046	10,213,457
	<u>95,765,450</u>	<u>93,783,402</u>
Total Expenses	95,765,450	93,783,402
Increase in Net Position	4,410,566	554,142
Net Position- Beginning	<u>63,852,208</u>	<u>63,298,066</u>
Net Position- Ending	<u>\$ 68,262,774</u>	<u>\$ 63,852,208</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 \$80,185,497 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>2019 - 2020</u>	<u>2019 - 2020</u>
Instruction	44,043,773	33,031,228
Instruction Related Services	9,619,333	8,411,049
Pupil Services	11,013,517	8,257,079
General Administration	3,970,051	3,836,004
Plant Services	7,555,579	7,552,446
Ancillary Services	8,148,343	8,119,006
Enterprise Activities	-	-
Community Services	106,808	106,808
Other	-	-
Interest on Long-Term Liabilities	11,093,051	11,093,051
Other Outgo	214,995	(221,174)
Totals	<u>\$ 95,765,450</u>	<u>\$ 80,185,497</u>

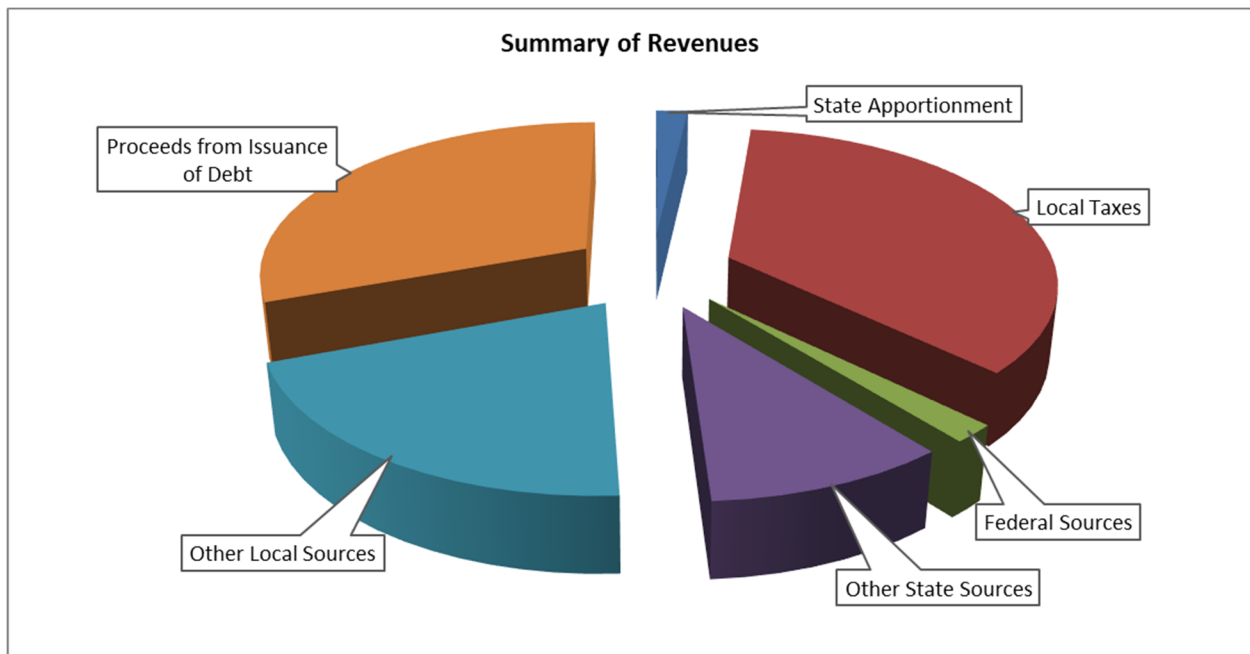
Table includes financial data of the combined government funds

In fiscal year 2019 - 2020, program revenues financed 16.3% of the cost of providing the services listed above, while the remaining 83.7% were financed by general revenues of the District. The percentages were 14.8% and 85.2%, respectively in 2018 - 2019.

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

Revenues for the District in 2019 - 2020 increased by \$49,629,027 or 52.9% over 2018 - 2019 totals. This increase is mainly attributed to the issuance of Certificates of Participation, which generated \$43,963,559 in proceeds, and an increase in local taxes. The table below summarizes all revenue sources in 2019 - 2020.

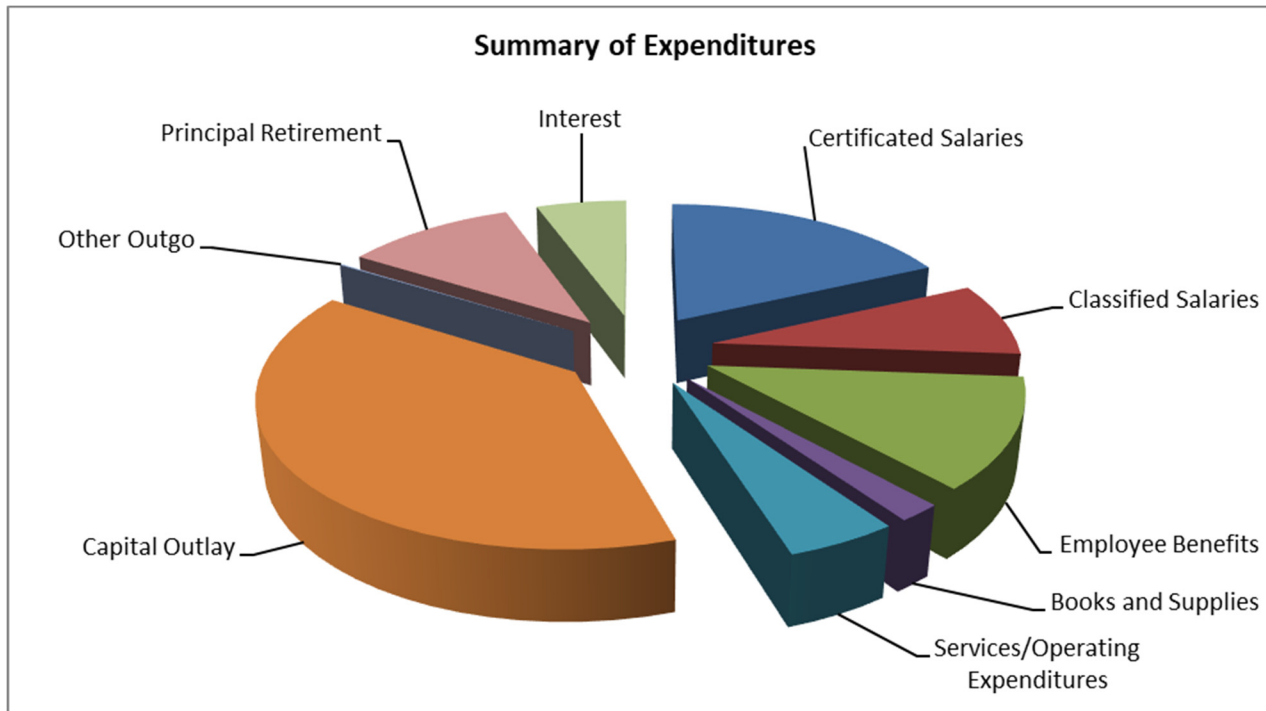
Summary of Revenues for Governmental Funds				
	FY 2020 Amount	Percent of Total	FY 2019 Amount	Percent of Total
Revenues				
LCFF Sources				
State Apportionment	\$ 2,648,086	1.8%	\$ 2,647,880	2.8%
Local Taxes	50,835,880	35.4%	47,846,731	51.0%
Total LCFF Sources	53,483,966	37.3%	50,494,611	53.8%
Federal Sources	2,645,833	1.8%	2,331,600	2.5%
Other State Sources	14,281,268	10.0%	13,820,166	14.7%
Other Local Sources	29,032,948	20.2%	27,132,170	28.9%
Total Other Revenue	45,960,049	32.0%	43,283,936	46.2%
Other Financing Sources				
Proceeds from Issuance of Debt	43,963,559	30.7%	-	0.0%
Total Other Financing Sources	43,963,559	30.7%	-	0.0%
Total Revenues	\$ 143,407,574	100.0%	\$ 93,778,547	100.0%



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

Total District expenditures in 2019 - 2020 increased by \$7,576,081 or 4.9% over 2018 - 2019 numbers. Most of this increase is attributable to increased staff costs, STRS and PERS on-behalf contributions, and capital project expenditures.

Summary of Expenditures for Governmental Funds				
	FY 2020		FY 2019	
	Amount	Percent of Total	Amount	Percent of Total
Expenditures				
Certificated Salaries	\$ 29,548,142	18.1%	\$ 29,185,431	18.7%
Classified Salaries	13,243,170	8.1%	12,658,501	8.1%
Employee Benefits	19,751,264	12.1%	19,909,055	12.8%
Books and Supplies	3,171,918	1.9%	4,322,863	2.8%
Services/Operating Expenditures	8,050,126	4.9%	8,538,290	5.5%
Capital Outlay	63,095,985	38.6%	58,070,786	37.3%
Other Outgo	214,995	0.1%	103,012	0.1%
Principal Retirement	17,208,397	10.5%	14,359,909	9.2%
Interest	9,149,027	5.6%	8,709,096	5.6%
Total Expenditures	\$ 163,433,024	100.0%	\$ 155,856,943	100.0%



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

Capital assets, net of depreciation increased \$57,022,945 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			
	2019 - 2020	2018 - 2019	% Change
Land	\$ 4,365,750	\$ 4,365,750	0.0%
Improvement of Sites	13,572,762	13,572,762	0.0%
Buildings	230,494,810	205,167,410	12.3%
Equipment	11,087,812	9,437,629	17.5%
Work in Process	<u>153,999,566</u>	<u>116,786,274</u>	31.9%
Subtotal	413,520,700	349,329,825	18.4%
Less: Accumulated Depreciation	<u>(94,665,137)</u>	<u>(87,497,207)</u>	8.2%
Capital Assets, net	<u>\$ 318,855,563</u>	<u>\$ 261,832,618</u>	21.8%

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

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 increased by \$34,874,512 in 2019 – 2020, mainly due to the issuance of Certificates of Participation and the retirement of outstanding general obligation bond and capital lease debt. The net pension liabilities amount increased to \$70,462,000 or 20.7% of total long-term debt. The general obligation bonds are financed by the local taxpayers and represent 65.96% of the District’s total long-term liabilities. The OPEB obligation liabilities amount to \$5,497,006 and represent 1.6% of the District’s long-term liabilities. The capital lease obligations outstanding represent 0.2% of the District’s long-term liabilities. The Certificates of Participation account for 11.4% of long-term liabilities. The remaining components account for 0.14% of the District’s long-term liabilities.

Long-term Debt			
	2019 - 2020	2018 - 2019	% Change
Compensated Absences	\$ 343,858	\$ 267,443	28.6%
General Obligation Bonds	224,263,681	234,192,870	-4.2%
Certificates of Participation	38,885,000	-	100.0%
Capitalized Lease Obligations	554,417	1,112,814	-50.2%
Net Pension Liability	70,462,000	67,063,000	5.1%
Total OPEB Obligation	<u>5,497,006</u>	<u>2,495,323</u>	120.3%
Totals	<u>\$ 340,005,962</u>	<u>\$ 305,131,450</u>	11.4%

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 \$20,025,450. Most of this decrease was a result of the decreases to the Building Fund project expenditures and the decrease to the Bond Interest and Redemption Fund.

Comparative Schedules of Fund Balances			
	Fund Balance June 30, 2020	Fund Balance June 30, 2019	Increase/ Decrease
General	\$ 11,015,206	\$ 10,643,344	\$ 371,862
Building Fund	31,602,393	48,445,878	(16,843,485)
Bond Interest and Redemption	28,791,552	31,620,132	(2,828,580)
All Non-Major Funds	3,191,978	3,917,225	(725,247)
Totals	<u>\$ 74,601,129</u>	<u>\$ 94,626,579</u>	<u>\$ (20,025,450)</u>

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 54 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 2019 - 2020. The property tax revenue collections continue to exceed the LCFF 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 5.2% increase in property taxes in 2020 - 2021, 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.

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and financial results of the District could be adversely affected, including a reduction in the level of funding and impact to the timing of cash flows. While there was no material impact through the year ended June 30, 2020, the extent to which the coronavirus may impact financial activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

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, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 81,820,124
Receivables	4,121,168
Stores inventory	78,117
Prepaid expenses	35,755
Non-depreciable capital assets (Note 4)	158,365,316
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>160,490,247</u>
Total assets	<u>404,910,727</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	18,843,835
Deferred outflow of resources - OPEB (Note 9)	3,301,656
Deferred loss from refunding of debt	<u>378,370</u>
Total deferred outflows	<u>22,523,861</u>
LIABILITIES	
Accounts payable	14,116,671
Unearned revenue	538,503
Long-term liabilities (Notes 5, 7, 8 and 9):	
Due within one year	13,318,054
Due after one year	<u>326,687,908</u>
Total liabilities	<u>354,661,136</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 9)	1,678
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>4,509,000</u>
Total deferred inflows	<u>4,510,678</u>
NET POSITION	
Net investment in capital assets	79,000,361
Restricted:	
Legally restricted programs	1,884,046
Capital projects	10,987,883
Debt service	28,791,552
Unrestricted	<u>(52,401,068)</u>
Total net position	<u>\$ 68,262,774</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenues and Change in Net Position	
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental activities:					
Instruction	\$ 44,043,773	\$ 2,220,294	\$ 7,852,675	\$ 939,576	\$ (33,031,228)
Instruction-related services:					
Supervision of instruction	2,036,727	6,660	423,849	-	(1,606,218)
Instructional library, media and technology	1,958,315	249,231	82,859	-	(1,626,225)
School site administration	5,624,291	13,741	431,944	-	(5,178,606)
Pupil services:					
Home-to-school transportation	3,914,707	-	-	-	(3,914,707)
Food services	2,109,089	212,330	1,105,874	-	(790,885)
All other pupil services	4,989,721	301,768	1,136,466	-	(3,551,487)
General administration:					
Data processing	180,493	-	-	-	(180,493)
All other general administration	3,789,558	9,428	124,619	-	(3,655,511)
Plant services	7,555,579	29	3,104	-	(7,552,446)
Ancillary services	8,148,343	29	29,308	-	(8,119,006)
Community services	106,808	-	-	-	(106,808)
Interest on long-term liabilities	11,093,051	-	-	-	(11,093,051)
Other outgo	214,995	34,189	401,980	-	221,174
	<u>\$ 95,765,450</u>	<u>\$ 3,047,699</u>	<u>\$ 11,592,678</u>	<u>\$ 939,576</u>	<u>(80,185,497)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
					52,585,766
					18,400,895
					6,153,415
					2,355,457
					575,528
					120,880
					4,404,122
					84,596,063
					4,410,566
					63,852,208
					\$ 68,262,774

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 9,674,743	\$ 17,807,602	\$ 28,791,552	\$ 2,053,701	\$ 58,327,598
Cash with fiscal agent	-	23,469,526	-	-	23,469,526
Cash in revolving fund	20,000	-	-	-	20,000
Cash in bank	2,000	-	-	1,000	3,000
Receivables	3,557,858	10,951	-	552,359	4,121,168
Stores inventory	10,586	-	-	67,531	78,117
Due from other funds	65,460	5,842	-	636,002	707,304
Prepaid expenditures	35,704	-	-	51	35,755
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,366,351</u>	<u>\$ 41,293,921</u>	<u>\$ 28,791,552</u>	<u>\$ 3,310,644</u>	<u>\$ 86,762,468</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,186,164	\$ 9,675,551	\$ -	\$ 53,817	\$ 10,915,532
Unearned revenue	538,503	-	-	-	538,503
Due to other funds	626,478	15,977	-	64,849	707,304
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,351,145</u>	<u>9,691,528</u>	<u>-</u>	<u>118,666</u>	<u>12,161,339</u>
Fund balances:					
Nonspendable	66,290	-	-	67,582	133,872
Restricted	1,547,084	31,602,393	28,791,552	3,124,396	65,065,425
Assigned	1,733,065	-	-	-	1,733,065
Unassigned	7,668,767	-	-	-	7,668,767
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<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>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 13,366,351</u>	<u>\$ 41,293,921</u>	<u>\$ 28,791,552</u>	<u>\$ 3,310,644</u>	<u>\$ 86,762,468</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, 2020

Total fund balances - Governmental Funds \$ 74,601,129

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 \$413,520,700 and the accumulated depreciation is \$94,665,137 (Note 4). 318,855,563

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, 2020 consisted of (Note 5):

Capitalized lease obligations	(554,417)	
General Obligation Bonds	(200,823,315)	
Certificates of Participation	(38,885,000)	
Unamortized premiums	(23,440,366)	
Net pension liability (Note 7 and 8)	(70,462,000)	
Total OPEB Liability (Note 9)	(5,497,006)	
Compensated absences	<u>(343,858)</u>	
		(340,005,962)

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. 378,370

In government 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	3,301,656	
Deferred inflows of resources relating to OPEB	(1,678)	
Deferred outflows of resources relating to pensions	18,843,835	
Deferred inflows of resources relating to pensions	<u>(4,509,000)</u>	
		17,634,813

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. (3,201,139)

Total net position - governmental activities \$ 68,262,774

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, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 2,648,086	\$ -	\$ -	\$ -	\$ 2,648,086
Local sources	<u>50,635,880</u>	-	-	200,000	<u>50,835,880</u>
Total LCFF	<u>53,283,966</u>	-	-	200,000	<u>53,483,966</u>
Federal sources	1,525,299	-	-	1,120,534	2,645,833
Other state sources	6,153,369	-	6,755,851	1,372,048	14,281,268
Other local sources	<u>11,188,320</u>	<u>719,461</u>	<u>13,983,513</u>	<u>3,141,654</u>	<u>29,032,948</u>
Total revenues	<u>72,150,954</u>	<u>719,461</u>	<u>20,739,364</u>	<u>5,834,236</u>	<u>99,444,015</u>
Expenditures:					
Current:					
Certificated salaries	29,493,340	-	-	54,802	29,548,142
Classified salaries	11,377,873	451,582	-	1,413,715	13,243,170
Employee benefits	18,954,588	165,357	-	631,319	19,751,264
Books and supplies	2,470,375	4,856	-	696,687	3,171,918
Contract services and operating expenditures	6,956,674	891,294	-	202,158	8,050,126
Other outgo	214,995	-	-	-	214,995
Capital outlay	962,492	60,013,416	-	2,120,077	63,095,985
Debt service:					
Principal retirement	533,397	-	15,535,000	1,140,000	17,208,397
Interest	<u>25,362</u>	-	<u>8,032,944</u>	<u>1,090,721</u>	<u>9,149,027</u>
Total expenditures	<u>70,989,096</u>	<u>61,526,505</u>	<u>23,567,944</u>	<u>7,349,479</u>	<u>163,433,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,161,858</u>	<u>(60,807,044)</u>	<u>(2,828,580)</u>	<u>(1,515,243)</u>	<u>(63,989,009)</u>
Other financing sources (uses):					
Transfers in	75,589	-	-	865,585	941,174
Transfers out	(865,585)	-	-	(75,589)	(941,174)
Proceeds from issuance of debt	-	40,000,000	-	-	40,000,000
Premium on issuance of debt	-	<u>3,963,559</u>	-	-	<u>3,963,559</u>
Total other financing sources (uses)	<u>(789,996)</u>	<u>43,963,559</u>	-	<u>789,996</u>	<u>43,963,559</u>
Net change in fund balances	371,862	(16,843,485)	(2,828,580)	(725,247)	(20,025,450)
Fund balances, July 1, 2019	<u>10,643,344</u>	<u>48,445,878</u>	<u>31,620,132</u>	<u>3,917,225</u>	<u>94,626,579</u>
Fund balances, June 30, 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>

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, 2020

Net change in fund balances - Total Governmental Funds		\$ (20,025,450)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 64,190,875	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(7,167,930)	
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).	(3,638,228)	
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	(40,000,000)	
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).	17,208,397	
Accretion of interest increases long-term liabilities in the government-wide financial statements and is not recorded in the fund financial statements (Note 5).	(1,967,583)	
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.	267,935	
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 government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8).	(4,278,210)	
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>(103,566)</u>	
		<u>24,436,016</u>
Change in net position of governmental activities		<u>\$ 4,410,566</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2020

	Foundation Trust <u>Fund</u>	Agency Funds <u>Funds</u>
ASSETS		
Cash and investments (Note 2):		
Cash in County Treasury	\$ 34,485	\$ 1,997,021
Cash on hand and in banks	-	341,385
Receivables	<u>29</u>	<u>-</u>
Total assets	<u>34,514</u>	<u>\$ 2,338,406</u>
LIABILITIES		
Accounts payable	-	\$ 1,997,021
Due to other funds	<u>-</u>	<u>341,385</u>
Total liabilities	<u>-</u>	<u>\$ 2,338,406</u>
NET POSITION		
Restricted for insurance activities	<u>\$ 34,514</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, 2020

	Foundation Trust <u>Fund</u>
Additions:	
Other local sources	\$ 572
Net position, July 1, 2019	<u>33,942</u>
Net position, June 30, 2020	<u>\$ 34,514</u>

See accompanying notes to financial statements.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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)

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, including the blended component units. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

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.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 classification includes the 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.

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

Agency Funds: The Student Body Fund is used to account for the various funds for which the District has an agency relationship with the activity of the fund. The Student Body Fund accounts for the receipt and disbursement of monies from the student activity organizations. The Warrant Pass-Through Fund represents a payroll clearing account with funds held at the Placer County Office of Education for the accrued payroll liability as of June 30, 2020.

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, 2020

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, 2020.

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>
Non-depreciable:			
Deferred outflows of resources	\$ 13,567,216	\$ 5,276,619	\$ 18,843,835
Deferred inflows of resources	\$ 3,973,000	\$ 536,000	\$ 4,509,000
Net pension liability	\$ 46,475,000	\$ 23,987,000	\$ 70,462,000
Pension expense	\$ 10,550,954	\$ 5,299,706	\$ 15,850,660

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences in the amount of \$343,858 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 appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for 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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, the District had no committed fund balances.

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, 2020, 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, 2020, the District has a reserve of \$7,355,927 or 10.1%.

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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2020 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Pooled Funds:		
Cash in County Treasury	\$ 58,327,598	\$ 2,031,506
Deposits:		
Cash in revolving fund	20,000	-
Cash on hand and in banks	3,000	341,385
Cash with fiscal agent	23,469,526	-
Total cash	\$ 81,820,124	\$ 2,372,891

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, 2020, the carrying amount of the District's accounts was \$364,385 and the bank balance was \$541,245, of which \$38,483 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, 2020, 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, 2020, the District had no concentration of credit risk.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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 2019-20 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 65,460	\$ 626,478
Building	5,842	15,977
Non-Major Funds:		
Adult Education	2,047	-
Child Development	7,565	-
Cafeteria	611,024	63,950
Capital Facilities	15,366	899
Totals	\$ 707,304	\$ 707,304

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

Transfers for the 2019-2020 fiscal year were as follows:

Transfer from the General Fund to the Child Development Fund for Contribution.	\$ 264,561
Transfer from the General Fund to the Cafeteria Fund for Contribution.	601,024
Transfer from the Adult Education Fund to the General Fund for allocation of indirect costs.	4,181
Transfer from the Child Development Fund to the General Fund for allocation of indirect costs.	7,459
Transfer from the Cafeteria Fund to the General Fund for allocation of indirect costs.	63,949
Total	\$ 941,174

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

	Balance July 1, <u>2019</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2020</u>
Non-depreciable:				
Land	\$ 4,365,750	\$ -	\$ -	\$ 4,365,750
Work-in-process	116,786,274	57,106,724	19,893,432	153,999,566
Depreciable:				
Improvement of sites	13,572,762	-	-	13,572,762
Buildings	205,167,410	25,327,400	-	230,494,810
Equipment	<u>9,437,629</u>	<u>1,650,183</u>	<u>-</u>	<u>11,087,812</u>
Totals, at cost	<u>349,329,825</u>	<u>84,084,307</u>	<u>19,893,432</u>	<u>413,520,700</u>
Less accumulated depreciation:				
Improvement of sites	(9,114,837)	(787,254)	-	(9,902,091)
Buildings	(73,180,331)	(5,604,381)	-	(78,784,712)
Equipment	<u>(5,202,039)</u>	<u>(776,295)</u>	<u>-</u>	<u>(5,978,334)</u>
Total accumulated depreciation	<u>(87,497,207)</u>	<u>(7,167,930)</u>	<u>-</u>	<u>(94,665,137)</u>
Governmental activities capital assets, net	<u>\$ 261,832,618</u>	<u>\$ 76,916,377</u>	<u>\$ 19,893,432</u>	<u>\$ 318,855,563</u>

Depreciation expense was charged to governmental activities as follows:

Plant services	<u>\$ 7,167,930</u>
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(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$3,113,461 as of June 30, 2020. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payments</u>
2021	\$ 364,486
2022	<u>204,442</u>
Total	568,928
Less amount representing interest	<u>(14,512)</u>
Net minimum lease payments	<u>\$ 554,417</u>

Current Interest Bonds

<u>Date of Issuance</u>	<u>Interest Rate Percent</u>	<u>Maturity Date</u>	<u>Amount of Orginal Issuance</u>	<u>Outstanding July 1, 2019</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2020</u>
2002	3.25 - 5.50	2021	\$ 21,155,000	\$ 5,880,000	-	\$ 2,785,000	\$ 3,095,000
2002	3.25 - 5.50	2021	15,835,000	4,390,000	-	2,080,000	2,310,000
2005	6.00	2020	4,080,000	2,790,000	-	1,365,000	1,425,000
2010	2.0 - 4.00	2018	6,290,000	-	-	-	-
2012	2.0 - 5.00	2030	11,605,000	8,670,000	-	640,000	8,030,000
2013	2.0 - 5.00	2025	3,615,000	1,310,000	-	340,000	970,000
2013	2.0 - 5.00	2031	13,450,000	9,715,000	-	675,000	9,040,000
2014	3.0 - 4.00	2047	20,000,000	6,725,000	-	3,885,000	2,840,000
2014	1.5 - 4.00	2047	19,500,000	14,060,000	-	1,050,000	13,010,000
2017	5.0	2040	54,000,000	54,000,000	-	-	54,000,000
2017	5.0	2042	30,000,000	30,000,000	-	-	30,000,000
2018	1.0 - 5.0	2035	40,000,000	40,000,000	-	1,595,000	38,405,000
2018	3.0 - 5.0	2037	12,500,000	12,500,000	-	1,120,000	11,380,000
			<u>\$ 252,030,000</u>	<u>\$ 190,040,000</u>	<u>\$ -</u>	<u>\$ 15,535,000</u>	<u>\$ 174,505,000</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 12,300,000	\$ 7,393,144	\$ 19,693,144
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
2026-2030	37,420,000	27,241,394	64,661,394
2031-2035	48,000,000	18,123,650	66,123,650
2036-2040	40,825,000	8,528,044	49,353,044
2041-2045	12,050,000	1,706,306	13,756,306
2046-2048	3,800,000	167,022	3,967,022
	<u>\$ 174,505,000</u>	<u>\$ 90,027,522</u>	<u>\$ 264,532,522</u>

Capital Appreciation Bonds

Date of Issuance	Interest Rate Percent	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2019	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2020
1999	8.50 - 8.56	2025	\$ 2,123,617	\$ 10,582,300	\$ 920,349	\$ -	\$ 11,502,649
1999	8.54 - 8.55	2025	1,573,994	7,889,888	688,811	-	8,578,699
2005	12.63	2025	821,340	2,007,096	128,028	-	2,135,124
2005	11.15	2025	1,680,084	3,871,448	230,395	-	4,101,843
			<u>\$ 6,199,035</u>	<u>\$ 24,350,732</u>	<u>\$ 1,967,583</u>	<u>\$ -</u>	<u>\$ 26,318,315</u>

The annual requirements to amortize the capital appreciation bonds payable, outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	5,063,650	926,350	5,990,000
2023-2026	21,254,667	7,370,333	28,625,000
	<u>\$ 26,318,317</u>	<u>\$ 8,296,683</u>	<u>\$ 34,615,000</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 665,000	\$ 1,540,700	\$ 2,205,700
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
2026-2030	4,700,000	6,336,500	11,036,500
2031-2035	5,995,000	5,038,250	11,033,250
2036-2040	7,400,000	3,635,250	11,035,250
2041-2045	8,910,000	2,123,000	11,033,000
2046-2049	<u>8,200,000</u>	<u>624,000</u>	<u>8,824,000</u>
	<u>\$ 38,885,000</u>	<u>\$ 25,110,500</u>	<u>\$ 63,995,500</u>

Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
<u>Debt</u>					
Capitalized lease obligations	\$ 1,112,814	\$ -	\$ 558,397	\$ 554,417	\$ 353,054
General Obligation Bonds:					
Current interest	190,040,000	-	15,535,000	174,505,000	12,300,000
Capital appreciation	24,350,732	1,967,583	-	26,318,315	-
Unamortized premiums	19,802,138	3,963,559	325,331	23,440,366	-
<u>Certificates of Participation:</u>					
Certificates of Participation	-	40,000,000	1,115,000	38,885,000	665,000
<u>Other Long-Term Liabilities:</u>					
Net pension liability (Notes 7 and 8)	67,063,000	3,399,000	-	70,462,000	-
Total OPEB liability (Note 9)	2,495,323	3,001,683	-	5,497,006	-
Compensated absences	267,443	76,415	-	343,858	-
	<u>\$ 305,131,450</u>	<u>\$ 52,408,240</u>	<u>\$ 17,533,728</u>	<u>\$ 340,005,962</u>	<u>\$ 13,318,054</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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.

NOTE 6 - FUND BALANCE

Fund balances, by category, at June 30, 2020 consisted of the following:

	General <u>Fund</u>	Building <u>Fund</u>	Bond Interest and Redemption <u>Fund</u>	All Non-Major <u>Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventory	10,586	-	-	67,531	78,117
Prepaid expenditures	<u>35,704</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>35,755</u>
Subtotal nonspendable	<u>66,290</u>	<u>-</u>	<u>-</u>	<u>67,582</u>	<u>133,872</u>
Restricted:					
Unspent categorical revenues	1,547,084	-	-	269,380	1,816,464
Capital projects	-	31,602,393	-	2,855,016	34,457,409
Debt service	<u>-</u>	<u>-</u>	<u>28,791,552</u>	<u>-</u>	<u>28,791,552</u>
Subtotal restricted	<u>1,547,084</u>	<u>31,602,393</u>	<u>28,791,552</u>	<u>3,124,396</u>	<u>65,065,425</u>
Assigned:					
Lottery	1,302,000	-	-	-	1,302,000
Medical Administrative Activ	324,208	-	-	-	324,208
Channel 6	60,644	-	-	-	60,644
Tech Replacement	<u>46,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,213</u>
Subtotal assigned	<u>1,733,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,733,065</u>
Unassigned:					
Designated for economic uncertainty	<u>7,668,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,668,767</u>
 Total fund balances	 <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>

(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, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

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)

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

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

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

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% 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 CalSTRS 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. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. 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 2019-20.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 17.10 percent of applicable member earnings. 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.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives 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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	17.10% ⁽¹⁾
July 01, 2020	8.25%	10.85%	16.15% ⁽¹⁾
July 01, 2020	8.25%	(2)	(2)
July 01, 2022 to			
June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

- (1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.
- (2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$4,901,216 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year for fiscal year 2019-20.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽²⁾
July 01, 2020	2.017%	5.811% ⁽³⁾	2.50%	10.328% ⁽²⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 1, 2046 and thereafter	2.017%	(5)	2.50%	(5)

- (1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.
- (2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
- (3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.
- (4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
- (5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 46,475,000
State's proportionate share of the net pension liability associated with the District	<u>25,356,000</u>
Total	<u>\$ 71,831,000</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the District's proportion was 0.051 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2018.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

For the year ended June 30, 2020, the District recognized pension expense of \$10,550,954 and revenue of \$4,289,614 for support provided by the State. At June 30, 2020, 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	\$ 117,000	\$ 1,310,000
Changes of assumptions	5,878,000	-
Net differences between projected and actual earnings on investments	-	1,790,000
Changes in proportion and differences between District contributions and proportionate share of contributions	2,671,000	873,000
Contributions made subsequent to measurement date	<u>4,901,216</u>	<u>-</u>
Total	<u>\$ 13,567,216</u>	<u>\$ 3,973,000</u>

\$4,901,216 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 1,352,000
2022	\$ 111,000
2023	\$ 1,112,000
2024	\$ 1,716,667
2025	\$ 243,667
2026	\$ 157,666

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, 2019 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, 2020

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
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 Not applicable for DBS/CBB

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

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

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate 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.

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

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

	1% Decrease <u>(6.10%)</u>	Current Discount <u>Rate (7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 69,206,000</u>	<u>\$ 46,475,000</u>	<u>\$ 27,628,000</u>

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

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-2019.pdf>

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

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, 2020 were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers - The employer contribution rate was 19.72 percent of applicable member earnings.

The District contributed \$2,381,619 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$23,987,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the District’s proportion was 0.082 percent, which remained unchanged from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$5,299,706 and revenue of \$0 for support provided by the State. At June 30, 2020, 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	\$ 1,742,000	\$ -
Changes of assumptions	1,142,000	-
Net differences between projected and actual earnings on investments	-	223,000
Changes in proportion and differences between District contributions and proportionate share of contributions	11,000	313,000
Contributions made subsequent to measurement date	<u>2,381,619</u>	<u>-</u>
Total	<u>\$ 5,276,619</u>	<u>\$ 536,000</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

\$2,381,619 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>		
2021	\$	1,917,500
2022	\$	181,500
2023	\$	197,000
2024	\$	63,000

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 4 years as of the June 30, 2019 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.

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, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
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, 2018 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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

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.

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s 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. 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

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 Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$ 34,575,000</u>	<u>\$ 23,987,000</u>	<u>\$ 15,203,000</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, 2020 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.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019 (measurement date):

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Benefits Provided are noted below:

	4	2	3	3
	<u>Certificated</u>	<u>Classified</u>	<u>Confidential</u>	<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.

Contributions to the Plan from the District were \$343,924 for the year ended June 30, 2020. 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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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 2010 experience study.
<u>Discount Rate as of June 30, 2019</u>	3.5%. 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>	2.75% 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, 2020

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 3.50%. The municipal bond rate was based on the week closest but not later than the measurement date of the June 30, 2019 index as published by the Federal Reserve. The June 30, 2019 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, 2019	\$ <u>2,495,323</u>
Changes for the year:	
Service cost	42,698
Interest	87,982
Changes of benefit terms	-
Differences between actual and expected experience	3,168,638
Changes in assumptions	105,061
Benefit payments	(402,696)
Administrative expenses	<u>-</u>
Net change	<u>3,001,683</u>
Balance at June 30, 2020	\$ <u><u>5,497,006</u></u>

There were no changes between the measurement date and the year ended June 30, 2020 which had a significant effect on the District's total OPEB liability. The discount rate for OPEB was 3.50 and 3.80 percent in the June 30, 2019 and 2018 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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>5,876,987</u>	\$ <u>5,497,006</u>	\$ <u>5,155,738</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 (3.00%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	<u>\$ 5,210,459</u>	<u>\$ 5,497,006</u>	<u>\$ 5,774,902</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$371,075. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,861,076	\$ -
Changes of assumptions	96,656	1,678
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>343,924</u>	<u>-</u>
Total	<u>\$ 3,301,656</u>	<u>\$ 1,678</u>

\$343,924 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, 2020.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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>		
2021	\$	255,517
2022	\$	257,195
2023	\$	257,195
2024	\$	257,195
2025	\$	257,195
Thereafter	\$	1,671,757

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 and TRISIG as of June 30, 2019 (the most recent information available):

	<u>SIG</u>	<u>TRISIG</u>
Total assets	\$111,774,531	\$ 27,218,314
Deferred outflows	\$ 288,284	\$ 195,350
Total liabilities	\$ 41,450,340	\$ 8,123,306
Deferred inflows	\$ 73,223	\$ 70,938
Total net position	\$ 70,539,252	\$ 19,219,420
Total revenues	\$ 98,672,583	\$ 44,200,830
Total expenditures	\$ 94,629,709	\$ 38,071,785
Change in net position	\$ 4,042,874	\$ 6,129,045

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, 2020

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, 2020, the District had approximately \$18.8 million in outstanding construction contract commitments.

NOTE 12 – COVID-19

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

REQUIRED SUPPLEMENTARY INFORMATION

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY CMPARISON SCHEDULE
For the Year Ended June 30, 2020

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 2,647,890	\$ 2,648,086	\$ 2,648,086	\$ -
Local sources	50,377,976	50,635,880	50,635,880	-
Total LCFF	<u>53,025,866</u>	<u>53,283,966</u>	<u>53,283,966</u>	-
Federal sources	1,405,281	1,525,299	1,525,299	-
Other state sources	5,396,888	6,153,369	6,153,369	-
Other local sources	<u>9,958,220</u>	<u>11,188,320</u>	<u>11,188,320</u>	-
Total revenues	<u>69,786,255</u>	<u>72,150,954</u>	<u>72,150,954</u>	-
Expenditures:				
Current:				
Certificated salaries	29,367,612	29,493,340	29,493,340	-
Classified salaries	11,144,554	11,377,873	11,377,873	-
Employee benefits	18,167,781	18,954,588	18,954,588	-
Books and supplies	2,836,194	2,470,375	2,470,375	-
Contract services and operating expenditures	6,644,670	6,956,674	6,956,674	-
Other outgo	148,000	214,995	214,995	-
Capital outlay	106,800	962,492	962,492	-
Debt service:				
Principal retirement	506,781	533,397	533,397	-
Interest	<u>51,980</u>	<u>25,362</u>	<u>25,362</u>	-
Total expenditures	<u>68,974,372</u>	<u>70,989,096</u>	<u>70,989,096</u>	-
(Deficiency)/excess of revenues (under) over expenditures	811,883	1,161,858	1,161,858	-
Other financing sources (uses):				
Transfers in	84,695	75,589	75,589	-
Transfers out	<u>(863,344)</u>	<u>(865,585)</u>	<u>(865,585)</u>	-
Total other financing sources (uses)	<u>(778,649)</u>	<u>(789,996)</u>	<u>(789,996)</u>	-
Net change in fund balance	33,234	371,862	371,862	-
Fund balance, July 1, 2019	<u>10,643,344</u>	<u>10,643,344</u>	<u>10,643,344</u>	-
Fund balance, June 30, 2020	<u>\$ 10,676,578</u>	<u>\$ 11,015,206</u>	<u>\$ 11,015,206</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, 2020

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

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, 2020

	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>
District's proportion of the net pension liability	0.049%	0.050%	0.050%	0.048%	0.049%	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
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>
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>
District's covered payroll	\$ 21,851,000	\$ 21,851,000	\$ 24,699,000	\$ 25,613,000	\$ 26,131,000	\$ 28,423,000
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%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

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, 2020

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>
District's proportion of the net pension liability	0.084%	0.084%	0.086%	0.085%	0.083%	0.082%
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
District's covered payroll	\$ 8,808,000	\$ 9,293,000	\$ 10,335,000	\$ 10,975,000	\$ 12,316,000	\$ 11,431,000
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%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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, 2020

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>
Contractually required contribution	\$ 2,080,255	\$ 2,650,024	\$ 3,222,130	\$ 3,770,663	\$ 4,627,338	\$ 4,901,216
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available.

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

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2020

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>
Contractually required contribution	\$ 1,093,936	\$ 1,224,444	\$ 1,524,277	\$ 1,710,738	\$ 2,064,705	\$ 2,381,619
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

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, 2020

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.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F – Changes of Assumptions

The discount rate for OPEB was 3.50, 3.80 and 3.50 percent in the June 30, 2017, 2019 and 2019 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017 and 2018 actuarial reports, respectively.

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

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total
ASSETS							
Cash in County Treasury	\$ 104,882	\$ 1,037	\$ (751,458)	\$ (35,402)	\$ 1,789,162	\$ 945,480	\$ 2,053,701
Cash in banks	-	-	500	-	500	-	1,000
Receivables	91,275	9,312	256,572	81,584	112,830	786	552,359
Stores inventory	-	-	67,531	-	-	-	67,531
Due from other funds	2,047	7,565	611,024	-	15,366	-	636,002
Prepaid expenditures	-	-	51	-	-	-	51
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 198,204</u>	<u>\$ 17,914</u>	<u>\$ 184,220</u>	<u>\$ 46,182</u>	<u>\$ 1,917,858</u>	<u>\$ 946,266</u>	<u>\$ 3,310,644</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 5,678	\$ 511	\$ 39,224	\$ 195	\$ 8,209	\$ -	\$ 53,817
Due to other funds	-	-	63,950	-	899	-	64,849
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,678</u>	<u>511</u>	<u>103,174</u>	<u>195</u>	<u>9,108</u>	<u>-</u>	<u>118,666</u>
Fund balances:							
Nonspendable	-	-	67,582	-	-	-	67,582
Restricted	192,526	17,403	13,464	45,987	1,908,750	946,266	3,124,396
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<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>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 198,204</u>	<u>\$ 17,914</u>	<u>\$ 184,220</u>	<u>\$ 46,182</u>	<u>\$ 1,917,858</u>	<u>\$ 946,266</u>	<u>\$ 3,310,644</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, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total
Revenues:							
Local Control Funding Formula (LCFF):							
Local sources	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
Federal sources	66,085	-	1,054,449	-	-	-	1,120,534
Other state sources	170,838	186,006	75,628	-	-	939,576	1,372,048
Other local sources	2,225	157,420	300,413	-	2,674,906	6,690	3,141,654
Total revenues	<u>239,148</u>	<u>343,426</u>	<u>1,430,490</u>	<u>200,000</u>	<u>2,674,906</u>	<u>946,266</u>	<u>5,834,236</u>
Expenditures:							
Current:							
Certificated salaries	52,807	1,995	-	-	-	-	54,802
Classified salaries	80,078	398,541	855,343	-	79,753	-	1,413,715
Employee benefits	37,264	195,474	367,284	-	31,297	-	631,319
Books and supplies	8,219	4,131	684,266	-	71	-	696,687
Contract services and operating expenditures	10,328	1,981	40,699	57,931	91,219	-	202,158
Capital outlay	-	-	-	108,147	2,011,930	-	2,120,077
Debt service:							
Principal retirement	-	-	-	-	1,140,000	-	1,140,000
Interest	-	-	-	-	1,090,721	-	1,090,721
Total expenditures	<u>188,696</u>	<u>602,122</u>	<u>1,947,592</u>	<u>166,078</u>	<u>4,444,991</u>	<u>-</u>	<u>7,349,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,452</u>	<u>(258,696)</u>	<u>(517,102)</u>	<u>33,922</u>	<u>(1,770,085)</u>	<u>946,266</u>	<u>(1,515,243)</u>
Other financing sources (uses):							
Transfers in	-	264,561	601,024	-	-	-	865,585
Transfers out	(4,181)	(7,459)	(63,949)	-	-	-	(75,589)
Total other financing (uses) sources	<u>(4,181)</u>	<u>257,102</u>	<u>537,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789,996</u>
Net change in fund balances	46,271	(1,594)	19,973	33,922	(1,770,085)	946,266	(725,247)
Fund balance, July 1, 2019	<u>146,255</u>	<u>18,997</u>	<u>61,073</u>	<u>12,065</u>	<u>3,678,835</u>	<u>-</u>	<u>3,917,225</u>
Fund balance, June 30, 2020	<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>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2020

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 2020
Kirsten Livak	Member	December 2020

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 AVERAGE DAILY ATTENDANCE
 For the Year Ended June 30, 2020

<u>District</u>	<u>Second Period Report</u>	<u>Annual Report</u>
Certificate number	7AC1ADFD	1E42943E
Elementary:		
Transitional Kindergarten through Third	1,069	1,069
Fourth through Sixth	864	864
Seventh through Eighth	<u>578</u>	<u>578</u>
	<u>2,511</u>	<u>2,511</u>
Secondary:		
Ninth through Twelfth	<u>1,160</u>	<u>1,160</u>
Total District	<u><u>3,671</u></u>	<u><u>3,671</u></u>

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the Year Ended June 30, 2020

	Statutory 1986-87 Minutes <u>Requirement</u>	2019-2020 Actual <u>Minutes</u>	Number of Days Traditional <u>Calendar</u>	<u>Status</u>
DISTRICT				
Kindergarten	36,000	43,395	180	In Compliance
Grade 1	50,400	53,470	180	In Compliance
Grade 2	50,400	53,470	180	In Compliance
Grade 3	50,400	53,470	180	In Compliance
Grade 4	54,000	54,700	180	In Compliance
Grade 5	54,000	55,570	180	In Compliance
Grade 6	54,000	60,420	180	In Compliance
Grade 7	54,000	60,420	180	In Compliance
Grade 8	54,000	60,420	180	In Compliance
Grade 9	64,800	65,180	180	In Compliance
Grade 10	64,800	65,180	180	In Compliance
Grade 11	64,800	65,180	180	In Compliance
Grade 12	64,800	65,180	180	In Compliance

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Catalog 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</u>			
	Special Education Cluster:		
84.027	Special Education - Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 590,168
84.027	Special Ed IDEA: Preschool Local Entitlement	13682	-
84.027	Special Ed IDEA: Mental Health Allocation Plan, Part B, Section 611	15197	45,727
84.173	Special Ed IDEA: Preschool Grant, Part B, Section 619	13430	<u>18,319</u>
	Subtotal Special Education Cluster		<u>654,214</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ELA (Section 231)	14508	31,316
84.002	Adult Education: Adult Secondary Education	13978	14,300
84.002	Adult Education: English Literacy and Civics Education	14750	<u>20,470</u>
	Subtotal Adult Education Programs		<u>66,086</u>
84.010	ESEA: Title I, Part A, Basic Grants Low Income and Neglected	14329	223,713
84.365	NCLB: Title III, Immigrant Education Program	*	58,028
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	17,374
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396	11,618
84.367	ESEA: Title II, Part A, Improving Teacher Quality	14341	51,938
84.126	Workability II, Transitions Partnership Program	10006	<u>61,924</u>
	Total U.S. Department of Education		<u>1,144,895</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	57,128
93.778	Medi-Cal Administrative Activities	10060	<u>232,139</u>
	Subtotal Medi-Cal Cluster		<u>289,267</u>

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	National School Lunch Program	13390	<u>1,054,449</u>
	Total U.S. Department of Agriculture		<u>1,054,449</u>
	Total Federal Programs		<u>\$ 2,488,611</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, 2020

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, 2020
(UNAUDITED)

	(Budgeted) <u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 71,546,218	\$ 72,226,543	\$ 70,154,569	\$ 66,520,216
Expenditures	70,479,174	70,989,096	71,864,763	65,211,195
Other uses and transfers out	<u>775,229</u>	<u>865,585</u>	<u>844,540</u>	<u>762,965</u>
Total outgo	<u>71,254,403</u>	<u>71,854,681</u>	<u>72,709,303</u>	<u>65,974,160</u>
Change in fund balance	\$ <u>291,815</u>	\$ <u>371,862</u>	\$ <u>(2,554,734)</u>	\$ <u>546,056</u>
Ending fund balance	\$ <u>11,307,021</u>	\$ <u>11,015,206</u>	\$ <u>10,643,344</u>	\$ <u>13,198,078</u>
Available reserves	\$ <u>9,971,535</u>	\$ <u>7,668,767</u>	\$ <u>7,355,927</u>	\$ <u>8,421,865</u>
Designated for economic uncertainties	\$ <u>9,971,535</u>	\$ <u>7,668,767</u>	\$ <u>7,355,927</u>	\$ <u>8,421,865</u>
Undesignated fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Available reserves as percentages of total outgo	<u>13.99%</u>	<u>10.67%</u>	<u>10.12%</u>	<u>12.77%</u>
Total long-term liabilities	\$ <u>22,263,330</u>	\$ <u>340,005,962</u>	\$ <u>305,131,450</u>	\$ <u>316,014,284</u>
Average daily attendance at P-2, excluding classes for adults	<u>3,716</u>	<u>3,671</u>	<u>3,695</u>	<u>3,609</u>

The General Fund fund balance has decreased by \$1,636,816 over the past three years. The District has budgeted an increase of \$291,815 for the fiscal year ending June 30, 2021. 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 2020-2021 fiscal year.

Total long-term liabilities have increased by \$23,991,678 over the past two years due to the issuance of General Obligation Bonds and the implementation of GASB 75.

Average daily attendance has increased by 62 over the past two years. The District anticipates an increase of 45 ADA for the fiscal year 2020-2021.

See accompanying notes to supplementary information.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2020

Charter Schools Chartered by District

1180 – Sierra Expeditionary Learning

Included in District
Financial Statements, or
Separate Report

Separate report

See accompanying notes to supplementary information.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on July 7, 2020.

C - 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, as applicable, either the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 2,645,833
Less: Medi-Cal Billing Option funds not spent	93.778	(14,453)
Forest Reserve funds not spent	10.665	<u>(142,769)</u>
Total Schedule of Expenditure of Awards		<u>\$ 2,488,611</u>

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis (Unaudited)

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2020-2021 fiscal year.

F - 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, 2020, the District did not adopt this program.

See accompanying notes to supplementary information.

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 *2019-20 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, 2020.

<u>Description</u>	<u>Procedures Performed</u>
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
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
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship - Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	Yes
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Charter Schools - Attendance	No, see below
Charter Schools - Mode of Instruction	No, see below
Charter Schools - Nonclassroom-Based Instruction/ Independent Study	No, see below
Charter Schools - Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter Schools - Annual Instructional Minutes – Classroom-Based	No, see below
Charter Schools - Charter School Facility Grant Program	No, see below

(Continued)

The District's reported ADA for Independent Study was below the materiality level that requires testing; therefore, we did not perform any testing of Independent Study ADA.

The District's reported ADA for Continuation Education was below the materiality level that requires testing; therefore, we did not perform any testing of Independent Study ADA.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform steps 2a through d.

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

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

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

The District does not operate any Charter Schools; therefore, we did not perform any of the testing required by Article 4 of the Audit Guide.

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

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 *2019-20 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.

(Continued)

Opinion with State Laws and Regulations

In our opinion, 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, 2020.

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 *2019-20 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
March 11, 2021

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, 2020, 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 March 11, 2021

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
March 11, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

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, 2020. 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, 2020.

(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
March 11, 2021

FINDINGS AND RECOMMENDATIONS

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2020

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch 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: Unmodified

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

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, 2020

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, 2020

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2020

No matters were reported.