BARSTOW UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2020

BARSTOW UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2020

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

INDEPENDENT AUDITORS' REPORT

Governing Board
Barstow Unified School District
Barstow, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barstow Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Barstow 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 Barstow Unified School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

348 Olive Street
San Diego, CA
92103
O: 619-270-8222
F: 619-260-9085
christywhite.com

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of Barstow 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Barstow Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Barstow Unified School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
March 2, 2021

BARSTOW UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

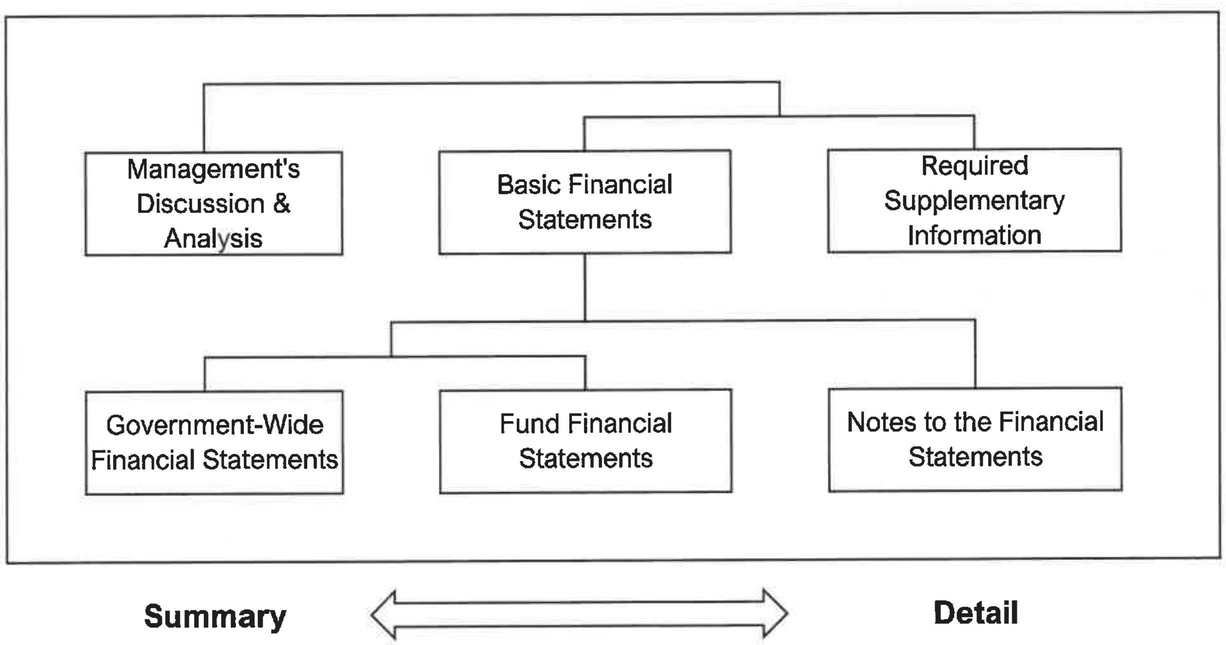
Our discussion and analysis of Barstow Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $13,897,858 at June 30, 2020. This was a decrease of $7,883,157 from the prior year.
- Overall revenues were $84,464,909 which was exceeded by expenses of $92,348,066.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

Government-Wide Statements

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $13,897,858 at June 30, 2020, as reflected in the table below. Of this amount, $(36,180,283) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2020	**2019**	**Net Change**
ASSETS			
Current and other assets	$ 42,985,111	$ 60,952,615	$ (17,967,504)
Capital assets	83,796,586	76,410,053	7,386,533
Total Assets	126,781,697	137,362,668	(10,580,971)
DEFERRED OUTFLOWS OF RESOURCES	21,659,344	21,118,036	541,308
LIABILITIES			
Current liabilities	7,703,794	16,738,145	(9,034,351)
Long-term liabilities	123,542,846	117,699,232	5,843,614
Total Liabilities	131,246,640	134,437,377	(3,190,737)
DEFERRED INFLOWS OF RESOURCES	3,296,543	2,262,312	1,034,231
NET POSITION			
Net investment in capital assets	40,406,686	75,643,939	(35,237,253)
Restricted	9,671,455	14,114,236	(4,442,781)
Unrestricted	(36,180,283)	(67,977,160)	31,796,877
Total Net Position	$ 13,897,858	$ 21,781,015	$ (7,883,157)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2020	2019	Net Change
REVENUES			
Program revenues			
Charges for services	$ 388,166	$ 327,728	$ 60,438
Operating grants and contributions	11,604,242	12,989,845	(1,385,603)
General revenues			
Property taxes	7,170,780	8,366,798	(1,196,018)
Unrestricted federal and state aid	63,288,284	60,539,400	2,748,884
Other	2,013,437	1,234,362	779,075
Total Revenues	84,464,909	83,458,133	1,006,776
EXPENSES			
Instruction	51,893,701	46,433,582	5,460,119
Instruction-related services	10,576,516	9,655,819	920,697
Pupil services	10,788,460	10,203,593	584,867
General administration	6,676,022	6,006,669	669,353
Plant services	8,661,974	8,914,216	(252,242)
Debt service	2,398,287	1,918,030	480,257
Other outgo	1,353,106	1,141,054	212,052
Total Expenses	92,348,066	84,272,963	8,075,103
Change in net position	(7,883,157)	(814,830)	(7,068,327)
Net Position - Beginning	21,781,015	22,595,845	(814,830)
Net Position - Ending	$ 13,897,858	$ 21,781,015	$ (7,883,157)

The cost of all our governmental activities this year was $92,348,066 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $7,170,780 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2020	2019
Instruction	$ 45,740,088	$ 40,466,164
Instruction-related services	9,630,852	8,149,926
Pupil services	6,892,507	5,854,608
General administration	6,174,998	5,385,676
Plant services	8,318,906	8,085,344
Debt service	2,398,287	1,918,030
Transfers to other agencies	1,200,020	1,095,642
Total Expenses	$ 80,355,658	$ 70,955,390

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $37,039,638, which is less than last year's ending fund balance of $45,887,878. The District's General Fund had $2,488,844 more in operating revenues than expenditures for the year ended June 30, 2020. The Building Fund had $4,138,337 more in expenditures than operating revenue for the year ended June 30, 2020.

CURRENT YEAR BUDGET 2019-2020

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2019-2020 the District had invested $83,796,586 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2020	2019	Net Change
CAPITAL ASSETS			
Land	$ 3,073,792	$ 3,073,792	$ -
Construction in progress	3,697,320	36,122,158	(32,424,838)
Land improvements	6,864,097	6,816,872	47,225
Buildings & improvements	100,316,092	57,703,316	42,612,776
Furniture & equipment	7,012,299	7,012,299	-
Accumulated depreciation	(37,167,014)	(34,318,384)	(2,848,630)
Total Capital Assets	$ 83,796,586	$ 76,410,053	$ 7,386,533

Long-Term Liabilities

At year-end, the District had $123,542,846 in long-term liabilities, an increase of 4.96% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2020	2019	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 40,492,432	$ 40,900,573	$ (408,141)
Total certificates of participation	15,432,964	15,709,790	(276,826)
Compensated absences	1,140,685	992,942	147,743
Net pension liability	67,673,259	61,242,421	6,430,838
Less: current portion of long-term liabilities	(1,196,494)	(1,146,494)	(50,000)
Total Long-term Liabilities	$ 123,542,846	$ 117,699,232	$ 5,843,614

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

According to the UCLA Anderson Forecast, the U.S. economy is in a "depression-like crisis" and it will take at least three years before its GDP and unemployment rate return to the levels it saw before the COVID-19 pandemic struck. Between February 2020 and April 2020, California lost 2.56 million nonfarm payroll jobs, a 15% drop that is nearly double the job loss during the Great Recession in 2008 and 2009.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom and the State Legislature provided resources and support beyond the Proposition 98 requirement in 2020–21, giving one-time federal resources and pension rate relief and promising more than the minimum guarantee in 2021–22.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

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

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

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2020. The amount of the liability is material to the financial position of the District. In response to the ongoing pandemic, the 2020-21 State Budget reduced employer contribution rates in 2020–21 and 2021–22. This will reduce the CalSTRS employer rate from 18.4% to approximately 16.15% in 2020–21 and from 18.2% to 16.0% in 2021–22. The CalPERS employer contribution rate will be reduced from CalPERS recently set rate for 2020–21 of 22.68% to 20.7% and 2021–22 estimated rate of 24.6% to 23.01%. Despite this reduction in the planned rate increases, the projected increased pension costs to school employers remain a significant fiscal factor.

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

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with $1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, $355 million in Governor's Emergency Education Relief (GEER) Funds, and $4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and $540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). CARES Act funds will be apportioned in 2020-21, however, ESSER and GEER are to be used on eligible expenditures beginning March 13, 2020 through September 30, 2022, GF is to be used on eligible expenditures beginning March 1, 2020 through June 30, 2021, and CRF is to be used on eligible expenditures beginning March 1, 2020 through December 30, 2020. On December 27, 2020, the President signed the Consolidated Appropriations Act which extended the CRF spending deadline to December 30, 2021.

All of these factors were considered in preparing the District's budget for the 2020-21 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official/Business Manager, at Barstow Unified School District, 551 South Avenue "H"; Barstow, California 92311.

BARSTOW UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

		Governmental Activities
ASSETS		
Cash and investments	$	30,065,744
Accounts receivable		12,550,993
Inventory		367,774
Prepaid expenses		600
Capital assets, not depreciated		6,771,112
Capital assets, net of accumulated depreciation		77,025,474
Total Assets		126,781,697
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		21,412,553
Deferred amount on refunding		246,791
Total Deferred Outflows of Resources		21,659,344
LIABILITIES		
Accrued liabilities		6,350,781
Unearned revenue		156,519
Long-term liabilities, current portion		1,196,494
Long-term liabilities, non-current portion		123,542,846
Total Liabilities		131,246,640
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		3,296,543
Total Deferred Inflows of Resources		3,296,543
NET POSITION		
Net investment in capital assets		40,406,686
Restricted:		
Capital projects		3,369,617
Debt service		1,623,928
Educational programs		2,683,234
All others		1,994,676
Unrestricted		(36,180,283)
Total Net Position	$	13,897,858

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

BARSTOW UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 51,893,701	$ -	$ 6,153,613	$ (45,740,088)
Instruction-related services				
Instructional supervision and administration	2,382,990	10	940,113	(1,442,867)
Instructional library, media, and technology	887,346	-	740	(886,606)
School site administration	7,306,180	-	4,801	(7,301,379)
Pupil services				
Home-to-school transportation	3,370,370	-	-	(3,370,370)
Food services	3,609,258	182,154	3,043,297	(383,807)
All other pupil services	3,808,832	-	670,502	(3,138,330)
General administration				
Centralized data processing	2,153,614	-	-	(2,153,614)
All other general administration	4,522,408	8,649	492,375	(4,021,384)
Plant services	8,661,974	145,292	197,776	(8,318,906)
Interest on long-term debt	2,398,287	-	-	(2,398,287)
Other outgo	1,353,106	52,061	101,025	(1,200,020)
Total School District	$ 92,348,066	$ 388,166	$ 11,604,242	$ (80,355,658)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				5,592,225
Property taxes, levied for debt service				1,343,715
Property taxes, levied for other specific purposes				234,840
Federal and state aid not restricted for specific purposes				63,288,284
Interest and investment earnings				665,178
Miscellaneous				1,348,259
Subtotal, General Revenue				72,472,501
CHANGE IN NET POSITION				(7,883,157)
Net Position - Beginning				21,781,015
Net Position - Ending				$ 13,897,858

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

BARSTOW UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 13,857,478	$ 8,481,837	$ 7,726,429	$ 30,065,744
Accounts receivable	12,303,206	44,208	203,579	12,550,993
Due from other funds	312,813	-	2,067,736	2,380,549
Stores inventory	282,461	-	85,313	367,774
Prepaid expenditures	600	-	-	600
Total Assets	$ 26,756,558	$ 8,526,045	$ 10,083,057	$ 45,365,660
LIABILITIES				
Accrued liabilities	$ 5,739,280	$ 14,161	$ 35,513	$ 5,788,954
Due to other funds	2,067,736	-	312,813	2,380,549
Unearned revenue	156,519	-	-	156,519
Total Liabilities	7,963,535	14,161	348,326	8,326,022
FUND BALANCES				
Nonspendable	333,061	-	90,313	423,374
Restricted	2,561,743	8,511,884	7,671,539	18,745,166
Committed	-	-	1,972,879	1,972,879
Assigned	2,508,035	-	-	2,508,035
Unassigned	13,390,184	-	-	13,390,184
Total Fund Balances	18,793,023	8,511,884	9,734,731	37,039,638
Total Liabilities and Fund Balances	$ 26,756,558	$ 8,526,045	$ 10,083,057	$ 45,365,660

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

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Governmental Funds		$ 37,039,638
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 120,963,600	
Accumulated depreciation	(37,167,014)	83,796,586
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		246,791
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(561,827)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 40,492,432	
Total certificates of participation	15,432,964	
Compensated absences	1,140,685	
Net pension liability	67,673,259	(124,739,340)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 21,412,553	
Deferred inflows of resources related to pensions	(3,296,543)	18,116,010
Total Net Position - Governmental Activities		$ 13,897,858

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

BARSTOW UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 67,163,303	$ -	$ -	$ 67,163,303
Federal sources	6,570,803	-	2,917,225	9,488,028
Other state sources	5,777,911	-	621,361	6,399,272
Other local sources	1,947,274	231,217	1,993,966	4,172,457
Total Revenues	81,459,291	231,217	5,532,552	87,223,060
EXPENDITURES				
Current				
Instruction	48,766,241	-	105,533	48,871,774
Instruction-related services				
Instructional supervision and administration	2,271,584	-	-	2,271,584
Instructional library, media, and technology	754,520	-	-	754,520
School site administration	6,410,733	-	35,030	6,445,763
Pupil services				
Home-to-school transportation	3,253,340	-	-	3,253,340
Food services	-	-	3,348,702	3,348,702
All other pupil services	3,420,297	-	64,251	3,484,548
General administration				
Centralized data processing	1,831,363	-	-	1,831,363
All other general administration	3,705,168	-	160,000	3,865,168
Plant services	7,117,061	52,565	196,813	7,366,439
Facilities acquisition and maintenance	72,829	4,313,989	5,834,123	10,220,941
Transfers to other agencies	1,367,311	-	-	1,367,311
Debt service				
Principal	-	-	1,085,000	1,085,000
Interest and other	-	3,000	1,901,847	1,904,847
Total Expenditures	78,970,447	4,369,554	12,731,299	96,071,300
Excess (Deficiency) of Revenues Over Expenditures	2,488,844	(4,138,337)	(7,198,747)	(8,848,240)
Other Financing Sources (Uses)				
Transfers in	-	-	2,067,736	2,067,736
Transfers out	(2,067,736)	-	-	(2,067,736)
Net Financing Sources (Uses)	(2,067,736)	-	2,067,736	-
NET CHANGE IN FUND BALANCE	421,108	(4,138,337)	(5,131,011)	(8,848,240)
Fund Balance - Beginning	18,371,915	12,650,221	14,865,742	45,887,878
Fund Balance - Ending	$ 18,793,023	$ 8,511,884	$ 9,734,731	$ 37,039,638

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

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds		$	(8,848,240)

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

Capital outlay:

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

Expenditures for capital outlay:	$ 10,235,163	
Depreciation expense:	(2,848,630)	7,386,533

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,085,000

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was: (44,289)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: (34,913)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (461,527)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (147,743)

(Continued on the next page)

Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	(6,879,472)
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	61,494
Change in Net Position of Governmental Activities	$ (7,883,157)

BARSTOW UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Agency Fund
	Student Body Fund
ASSETS	
Cash and investments	$ 65,839
Total Assets	$ 65,839
LIABILITIES	
Due to student groups	$ 65,839
Total Liabilities	$ 65,839

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

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

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

Non-Major Governmental Funds

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

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

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

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

D. Basis of Accounting – Measurement Focus

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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

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

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

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

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

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	20 to 50 years
Improvements	5 to 50 years
Equipment	2 to 15 years

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

F. Interfund Activity

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

G. Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has not yet determined the impact on the financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard's primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately. The District has implemented GASB Statement No. 95.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Fiduciary Funds
Investment in county treasury	$ 30,010,744	$ -
Cash on hand and in banks	-	65,839
Cash with fiscal agent	-	-
Cash in revolving fund	55,000	-
Total	$ 30,065,744	$ 65,839

B. Policies and Practices

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

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

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

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $30,523,913 and an amortized book value of $30,010,744. The average weighted maturity for this pool is 553 days.

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were rated AAA/V1.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2020 were as follows:

	Uncategorized
Investment in county treasury	$ 30,523,913
Total	$ 30,523,913

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	$ 1,864,527	$ -	$ 119,600	$ 1,984,127
State Government				
Apportionment	9,953,927	-	-	9,953,927
Categorical aid	18,417	-	10,463	28,880
Lottery	302,843	-	-	302,843
Local Government				
Other local sources	163,492	44,208	73,516	281,216
Total	$ 12,303,206	$ 44,208	$ 203,579	$ 12,550,993

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,073,792	$ -	$ -	$ 3,073,792
Construction in progress	36,122,158	402,029	32,826,867	3,697,320
Total Capital Assets not Being Depreciated	39,195,950	402,029	32,826,867	6,771,112
Capital assets being depreciated				
Land improvements	6,816,872	47,225	-	6,864,097
Buildings & improvements	57,703,316	42,612,776	-	100,316,092
Furniture & equipment	7,012,299	-	-	7,012,299
Total Capital Assets Being Depreciated	71,532,487	42,660,001	-	114,192,488
Less Accumulated Depreciation				
Land improvements	4,753,310	226,080	-	4,979,390
Buildings & improvements	23,069,899	2,547,393	-	25,617,292
Furniture & equipment	6,495,175	75,157	-	6,570,332
Total Accumulated Depreciation	34,318,384	2,848,630	-	37,167,014
Governmental Activities Capital Assets, net	$ 76,410,053	$ 40,213,400	$ 32,826,867	$ 83,796,586

Depreciation expense was charged as a direct expense to governmental functions as follows:

Instruction	$ 1,880,094
School site administration	199,405
Home-to-school transportation	113,946
Food services	56,974
All other pupil services	113,946
Centralized data processing	142,431
All other general administration	28,487
Plant services	313,347
Total Depreciation Expense	$ 2,848,630

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2020 were as follows:

Due To Other Funds	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,067,736	$ 2,067,736
Non-Major Governmental Funds	312,813	-	312,813
Total	$ 312,813	$ 2,067,736	$ 2,380,549

The General Fund owed the None-Major Special Revenue Fund for Capital Outlay Projects for California Clean Energy pro	$ 2,000,000
The General Fund owed the Non-Major Cafeteria Special Revenue Fund for COVID related expenses.	67,736
The Non-Major Adult Education Fund owed the General Fund for payroll taxes.	6,255
The Non-Major Cafeteria Special Revenue Fund owed the General Fund for payroll taxes.	306,558
Total	$ 2,380,549

B. Operating Transfers

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Interfund Transfers Out	Non-Major Governmental Funds	Total
General Fund	$ 2,067,736	$ 2,067,736
Total	$ 2,067,736	$ 2,067,736

The General Fund owed the Non-Major Special Revenue Fund for Capital Outlay Projects for California Clean Energy projects.	$ 2,000,000
The General Fund owed the Non-Major Cafeteria Special Revenue Fund for COVID related expenses.	67,736
Total	$ 2,067,736

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	$ 617,041	$ -	$ 26,179	$ -	$ 643,220
Construction	-	14,161	-	-	14,161
Vendors payable	5,122,239	-	9,334	-	5,131,573
Unmatured interest	-	-	-	561,827	561,827
Total	$ 5,739,280	$ 14,161	$ 35,513	$ 561,827	$ 6,350,781

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2020 consisted of $156,519 of federal sources.

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term debt for the year ended June 30, 2020 consisted of the following:

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 33,252,653	$ 461,527	$ 150,000	$ 33,564,180	$ 150,000
Unamortized premium	1,312,920	-	44,668	1,268,252	44,668
Subtotal general obligation bonds	34,565,573	461,527	194,668	34,832,432	194,668
Direct placement general obligation bonds	6,335,000	-	675,000	5,660,000	710,000
Total general obligation bonds	40,900,573	461,527	869,668	40,492,432	904,668
Certificates of participation	15,205,000	-	260,000	14,945,000	275,000
Unamortized premium	504,790	-	16,826	487,964	16,826
Total certificates of participation	15,709,790	-	276,826	15,432,964	291,826
Compensated absences	992,942	147,743	-	1,140,685	-
Net pension liability	61,242,421	6,430,838	-	67,673,259	-
Total	$ 118,845,726	$ 7,040,108	$ 1,146,494	$ 124,739,340	$ 1,196,494

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences and pension contributions are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2019	Additions	Deductions	Bonds Outstanding June 30, 2020
Election 2001, Series B	July 14, 2004	August 1, 2038	3.00% - 8.00%	$ 5,961,853	$ 5,232,722	$ 362,358	$ -	$ 5,595,080
Election 2016, Series A	September 27, 2017	August 1, 2047	3.375% - 5.00%	15,000,000	15,000,000	-	100,000	14,900,000
Election 2016, Series B	October 9, 2018	August 1, 2048	3.50% - 5.00%	12,995,505	13,019,931	99,169	50,000	13,069,100
Direct placement:								
2011 Refunding	December 15, 2011	August 1, 2026	3.70%	5,275,000	3,595,000	-	415,000	3,180,000
2013 Refunding	May 17, 2013	August 1, 2026	2.50%	3,585,000	2,740,000	-	260,000	2,480,000
					$ 39,587,653	$ 461,527	$ 825,000	$ 39,224,180

Election 2001 General Obligation Bonds

In an election held on November 6, 2001, the voters authorized the District to issue $14,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of making necessary repairs, upgrades and to increase safety/security at Barstow High School, including plumbing, heating, air conditioning, electrical systems, construct additional classrooms, restrooms, a new physical education building, remove deteriorating buildings and renovate Garver Memorial Auditorium as a multipurpose center. There is one remaining issuance under this election:

- Series B, which was issued on July 14, 2004, for $5,961,853 with interest rates ranging from 3.00-8.00 percent. The original issuance consisted of $4,020,000 in current interest serial bonds and $1,941,853 (accreting to $12,450,000) in capital appreciation serial bonds. At June 30, 2020, the principal outstanding is $5,595,080.

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

2011 Refunding General Obligation Bond

On December 15, 2011, the District issued Series 2011 General Obligation Refunding Bonds for an aggregate amount of $5,275,000 and consists of current interest bonds bearing fixed interest rate of 3.70% with a maturity date of August 1, 2026. The net proceeds of $5,138,569 (after issuance costs of $136,431) were used to refund a portion of the District's Election 2001, Series 2002A general obligation bonds and to pay certain costs of issuance associated with the Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of $152,003 remain to be amortized. This advanced refunding was undertaken to reduce total debt service payments and resulted in an economic gain of $270,333. As of June 30, 2020, the principal balance on the defeased debt was paid in full and the principal balance on the refunding bonds amounted to $3,180,000.

2013 Refunding General Obligation Bond

On May 17, 2013, the District issued Series 2013 General Obligation Refunding Bonds for an aggregate amount of $3,585,000 and consists of current interest bonds bearing fixed interest rate of 2.50% with a maturity date of August 1, 2026. The net proceeds of $3,442,491 (after issuance costs of $142,509) were used to refund a portion of the District's Election 2001, Series B general obligation bonds and to pay certain costs of issuance associated with the Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of $94,788 remain to be amortized. This advanced refunding was undertaken to reduce total debt service payments and results in an economic gain of $338,998. As of June 30, 2020, the principal balance on the defeased debt was paid in full and the principal balance on the refunding bonds amounted to $2,480,000.

Election 2016 General Obligation Bonds

In an election held on November 8, 2016, the voters authorized the District to issue $39,000,000 of principal amount of general obligation bonds. These bonds were issued for the repaid, upgrading, acquisition, construction and equipping of certain District property and facilities. There has been two issuance under this election:

- Series A, which was issued on September 27, 2017, for $15,000,000 with interest rates ranging from 3.375-5.00 percent. The original issuance consisted of $15,000,000 in current interest serial bonds. At June 30, 2020, the principal amount outstanding is $14,900,000.

- Series B, which was issues on October 9, 2018 for $12,995,505 with interest rates ranging from 3.50-5.00 percent. The original issuance consisted of $10,615,000 in current interest serial bonds and $2,404,931 in capital appreciation serial bonds. At June 30, 2020, the principal amount outstanding is $13,069,100.

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2049 as follows:

	General obligation bonds			Direct placement general obligation bonds		
Year Ended June 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 150,000	$ 1,044,296	$ 1,194,296	$ 710,000	$ 488,500	$ 1,198,500
2022	-	1,042,046	1,042,046	735,000	471,063	1,206,063
2023	45,000	1,040,921	1,085,921	770,000	477,938	1,247,938
2024	90,000	1,037,846	1,127,846	815,000	484,188	1,299,188
2025	140,000	1,033,071	1,173,071	850,000	494,875	1,344,875
2026 - 2030	1,972,970	5,533,726	7,506,696	1,780,000	995,313	2,775,313
2031 - 2035	3,536,477	6,189,199	9,725,676	-	-	-
2036 - 2040	5,567,126	5,414,356	10,981,482	-	-	-
2041 - 2045	8,095,786	3,689,358	11,785,144	-	-	-
2046 - 2049	10,190,000	811,941	11,001,941	-	-	-
Accretion	3,776,821	(3,776,821)	-	-	-	-
Total	$ 33,564,180	$ 23,059,939	$ 56,624,119	$ 5,660,000	$ 3,411,877	$ 9,071,877

C. Certificates of Participation

On December 4, 2018, the District issued Series A Certificates of Participation amounting to $15,205,000. Interest rates range from 3.25 to 5.00 percent, payable beginning June 1, 2019. The agreement is between the District and the Public Property Financing Corporation of California and the U.S. Bank National Association as trustee. At June 30, 2020, the principal outstanding was $14,945,000.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2020 were as follows:

Year Ended June 30,	Principal	Interest	Total
2021	$ 275,000	$ 645,888	$ 920,888
2022	285,000	632,138	917,138
2023	300,000	617,888	917,888
2024	315,000	605,888	920,888
2025	330,000	587,138	917,138
2026 - 2030	1,925,000	2,669,938	4,594,938
2031 - 2035	2,365,000	2,220,975	4,585,975
2036 - 2040	2,965,000	1,626,300	4,591,300
2041 - 2045	3,635,000	957,600	4,592,600
2046 - 2048	2,550,000	206,800	2,756,800
Total	$ 14,945,000	$ 10,770,553	$ 25,715,553

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to $1,140,685. This amount is included as part of long-term liabilities in the government-wide financial statements.

E. Net Pension Liability

The District's beginning net pension liability was $61,242,421 and increased by $6,430,838 during the year ended June 30, 2020. The ending net pension liability at June 30, 2020 was $67,673,259. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2020:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 50,000	$ -	$ 5,000	$ 55,000
Stores inventory	282,461	-	85,313	367,774
Prepaid expenditures	600	-	-	600
Total non-spendable	333,061	-	90,313	423,374
Restricted				
Educational programs	2,561,743	-	121,491	2,683,234
Capital projects	-	8,511,884	3,369,617	11,881,501
Debt service	-	-	2,185,755	2,185,755
All others	-	-	1,994,676	1,994,676
Total restricted	2,561,743	8,511,884	7,671,539	18,745,166
Committed				
Other commitments	-	-	1,972,879	1,972,879
Total committed	-	-	1,972,879	1,972,879
Assigned				
Other assignments	2,508,035	-	-	2,508,035
Total assigned	2,508,035	-	-	2,508,035
Unassigned	13,390,184	-	-	13,390,184
Total Fund Balance	$ 18,793,023	$ 8,511,884	$ 9,734,731	$ 37,039,638

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

NOTE 10 – RISK MANAGEMENT

The District's risk management activities are recorded in the General Fund. The District participates in the Southern California Schools Risk Management (SCSRM) workers' compensation program and purchases liability insurance through the JPA. The District participates in Schools' Excess Liability Fund (SELF) public entity risk pool for the purchase of excess liability coverage and Self-Insurance Schools of California (SISC III) for medical, dental, and vision health care benefits.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 45,086,742	$ 15,620,452	$ 3,021,204	$ 7,922,060
PERS Pension	22,586,517	5,792,101	275,339	6,000,034
Total	$ 67,673,259	$ 21,412,553	$ 3,296,543	$ 13,922,094

A. California State Teachers' Retirement System (CalSTRS)

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

Benefits Provided
The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

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

Contributions
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2020, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2020 was 18.13% of annual payroll reduced to 17.10% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $4,853,136 for the year ended June 30, 2020.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $3,431,141 to CalSTRS.

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	$ 45,086,742
State's proportionate share of the net pension liability associated with the District	24,598,027
Total	$ 69,684,769

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 applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.050 percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2018.

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2020, the District recognized pension expense of $7,922,060. In addition, the District recognized pension expense and revenue of $672,990 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 1,736,755
Differences between expected and actual experience	113,820	1,270,492
Changes in assumptions	5,702,488	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,951,008	13,957
District contributions subsequent to the measurement date	4,853,136	-
Total	$ 15,620,452	$ 3,021,204

The $4,853,136 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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 Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 2,664,699	$ 496,103
2022	2,664,696	1,701,847
2023	2,176,990	226,804
2024	2,172,874	324,546
2025	717,669	140,195
2026	370,388	131,709
Total	$ 10,767,316	$ 3,021,204

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions
The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	4.80%
Fixed Income	12%	1.30%
Real Estate	13%	3.60%
Private Equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation Sensitive	4%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (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 increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 67,137,892	$ 45,086,742	$ 26,802,140

Pension Plan Fiduciary Net Position

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

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

NOTE 11 – PENSION PLANS (continued)

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

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2020 was 20.733% of annual payroll reduced to 19.721% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were $2,189,486 for the 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 $22,586,517 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 applying update procedures to an actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.077 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $6,000,034. 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
Differences between projected and actual earnings on plan investments	$ -	$ 209,494
Differences between expected and actual experience	1,640,688	-
Changes in assumptions	1,075,188	-
Changes in proportion and differences between District contributions and proportionate share of contributions	886,739	65,845
District contributions subsequent to the measurement date	2,189,486	-
Total	$ 5,792,101	$ 275,339

NOTE 11 – PENSION PLANS (continued)

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

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

The $2,189,486 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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 Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 2,037,039	$ 260,632
2022	1,028,322	(401,057)
2023	510,813	(62,595)
2024	26,441	478,359
Total	$ 3,602,615	$ 275,339

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (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. These geometric rates of return are net of administrative expenses.

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

*An expected inflation of 2.00% used for this period.
**An expected inflation of 2.92% used for this period.

Discount Rate

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 32,556,979	$ 22,586,517	$ 14,315,330

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

C. Construction Commitments

As of June 30, 2020, the District had no commitments with respect to unfinished capital projects.

NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2020, the deferred amount on refunding was $246,791.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2020, total deferred outflows related to pensions was $21,412,553 and total deferred inflows related to pensions was $3,296,543.

REQUIRED SUPPLEMENTARY INFORMATION

BARSTOW UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 66,318,627	$ 66,314,312	$ 67,163,303	$ 848,991
Federal sources	6,187,535	6,606,297	6,772,807	166,510
Other state sources	4,177,182	4,599,828	5,777,911	1,178,083
Other local sources	550,000	940,505	1,630,586	690,081
Total Revenues	77,233,344	78,460,942	81,344,607	2,883,665
EXPENDITURES				
Certificated salaries	30,501,243	29,462,997	29,306,959	156,038
Classified salaries	12,464,636	12,144,521	12,193,511	(48,990)
Employee benefits	18,482,701	18,429,168	19,723,439	(1,294,271)
Books and supplies	5,470,589	5,603,739	4,143,558	1,460,181
Services and other operating expenditures	12,761,925	14,674,699	12,339,080	2,335,619
Capital outlay	239,341	239,341	56,589	182,752
Other outgo				
Excluding transfers of indirect costs	426,630	320,688	1,367,311	(1,046,623)
Transfers of indirect costs	(115,000)	(115,000)	(160,000)	45,000
Total Expenditures	80,232,065	80,760,153	78,970,447	1,789,706
Excess (Deficiency) of Revenues				
Over Expenditures	(2,998,721)	(2,299,211)	2,374,160	4,673,371
Other Financing Sources (Uses)				
Transfers in	5,400,000	5,400,000	5,400,000	-
Transfers out	-	(2,000,000)	(2,067,736)	(67,736)
Net Financing Sources (Uses)	5,400,000	3,400,000	3,332,264	(67,736)
NET CHANGE IN FUND BALANCE	2,401,279	1,100,789	5,706,424	4,605,635
Fund Balance - Beginning	9,026,621	10,578,563	10,578,563	-
Fund Balance - Ending	$ 11,427,900	$ 11,679,352	$ 16,284,987	$ 4,605,635

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

- Revenues for Medi-Cal Billing Option and Medi-Cal Administrative Activities are presented as federal revenues in this schedule, while these amounts have been reclassified as local revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

See accompanying note to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.050%	0.046%	0.043%	0.043%	0.043%	0.038%
District's proportionate share of the net pension liability	$ 45,086,742	$ 41,861,595	$ 39,308,642	$ 34,433,110	$ 28,641,906	$ 22,120,061
State's proportionate share of the net pension liability associated with the District	24,598,027	23,967,838	23,254,849	19,605,041	15,148,370	13,357,047
Total	$ 69,684,769	$ 65,829,433	$ 62,563,491	$ 54,038,151	$ 43,790,276	$ 35,477,108
District's covered payroll	$ 24,360,513	$ 24,360,513	$ 24,360,513	$ 22,689,960	$ 32,253,388	$ 16,859,758
District's proportionate share of the net pension liability as a percentage of its covered payroll	185.1%	171.8%	161.4%	151.8%	88.8%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

See accompanying note to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.077%	0.073%	0.067%	0.069%	0.069%	0.070%
District's proportionate share of the net pension liability	$ 22,586,517	$ 19,380,826	$ 16,017,798	$ 13,564,884	$ 10,229,139	$ 7,919,642
District's covered payroll	$ 10,216,879	$ 8,548,315	$ 8,548,315	$ 8,252,891	$ 7,680,257	$ 7,323,230
District's proportionate share of the net pension liability as a percentage of its covered payroll	221.1%	226.7%	187.4%	164.4%	133.2%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

See accompanying note to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 4,853,136	$ 4,478,288	$ 3,515,222	$ 2,854,397	$ 2,287,321	$ 1,743,770
Contributions in relation to the contractually required contribution*	(4,853,136)	(4,478,288)	(3,515,222)	(2,854,397)	(2,287,321)	(1,743,770)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 28,380,912	$ 23,577,333	$ 24,360,513	$ 22,689,960	$ 21,317,064	$ 32,253,388
Contributions as a percentage of covered payroll	17.10%	18.99%	14.43%	12.58%	10.73%	5.41%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,210,280	$ 1,946,470	$ 1,492,788	$ 1,187,190	$ 977,720	$ 904,043
Contributions in relation to the contractually required contribution*	(2,210,280)	(1,946,470)	(1,492,788)	(1,187,190)	(977,720)	(904,043)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,207,748	$ 10,216,879	$ 8,548,315	$ 8,252,891	$ 7,680,257	$ 7,323,230
Contributions as a percentage of covered payroll	19.72%	19.05%	17.46%	14.39%	12.73%	12.34%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	$ 12,144,521	$ 12,193,511	$ 48,990
Employee benefits	$ 18,429,168	$ 19,723,439	$ 1,294,271
Other outgo			
Excluding transfers of indirect costs	$ 320,688	$ 1,367,311	$ 1,046,623

SUPPLEMENTARY INFORMATION

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,942,651
Comprehensive Support and Improvement for LEAs	84.010	15438	445,623
Subtotal Title I, Part A			4,388,274
Title II, Part A			
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	424,750
Subtotal Title II, Part A			424,750
Title III			
Title III, English Learner Student Program	84.365	14346	81,734
Subtotal Title III			81,734
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	347,412
Title VI, Part B, Rural & Low Income School Program	84.358B	14356	29,335
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,183,268
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	1,069
IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	84.027A	10119	35,486
Subtotal Special Education Cluster			1,219,823
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	79,475
Total U. S. Department of Education			6,570,803
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	44,776
School Breakfast Program - Needy	10.553	13526	407,343
National School Lunch Program	10.555	13391	1,966,434
COVID-19 Emergency Acts Funding - Unanticipated School Closures	10.555	*	274,754
USDA Commodities	10.555	*	211,479
Meal Supplements	10.555	*	12,439
Total U. S. Department of Agriculture			2,917,225
U. S. DEPARTMENT OF THE TREASURY			
Passed through California Department of Education:			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	210,810
Total U. S. Department of the Treasury			210,810
Total Federal Expenditures			$ 9,698,838

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

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2020

	Second Period Report Certificate No. 54986069	Annual Report Certificate No. 04EAEA41
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,163.69	2,163.69
Extended Year Special Education	1.70	1.70
Special Education - Nonpublic Schools	0.88	0.92
Extended Year Special Education - Nonpublic Schools	0.09	0.09
Community Day School	2.06	1.91
Total TK/K through Third	2,168.42	2,168.31
Fourth through Sixth		
Regular ADA	1,487.83	1,487.83
Extended Year Special Education	0.04	0.04
Special Education - Nonpublic Schools	0.88	0.92
Extended Year Special Education - Nonpublic Schools	0.10	0.10
Community Day School	3.69	3.42
Total Fourth through Sixth	1,492.54	1,492.31
Seventh through Eighth		
Regular ADA	856.80	856.80
Special Education - Nonpublic Schools	0.92	0.93
Extended Year Special Education - Nonpublic Schools	0.11	0.11
Community Day School	1.15	1.06
Total Seventh through Eighth	858.98	858.90
Ninth through Twelfth		
Regular ADA	1,459.22	1,458.44
Extended Year Special Education	1.04	1.04
Special Education - Nonpublic Schools	2.89	2.43
Extended Year Special Education - Nonpublic Schools	0.24	0.24
Community Day School	7.83	7.26
Total Ninth through Twelfth	1,471.22	1,469.41
TOTAL SCHOOL DISTRICT	5,991.16	5,988.93

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2020

Grade Level	Minutes Requirement	2019-20 Planned Instructional Minutes	2019-20 Planned Number of Days	2019-20 Actual Instructional Minutes	2019-20 Actual Number of Days	Instructional Minutes Closed due to COVID-19	Number of Days Certified Closed due to COVID-19*	Status
Kindergarten	36,000	55,890	180	41,635	134	14,255	46	Complied
Grade 1	50,400	55,890	180	41,635	134	14,255	46	Complied
Grade 2	50,400	55,890	180	41,635	134	14,255	46	Complied
Grade 3	50,400	55,890	180	41,635	134	14,255	46	Complied
Grade 4	54,000	55,890	180	41,635	134	14,255	46	Complied
Grade 5	54,000	55,890	180	41,635	134	14,255	46	Complied
Grade 6	54,000	55,890	180	41,635	134	14,255	46	Complied
Grade 7	54,000	64,601	180	48,154	134	16,447	46	Complied
Grade 8	54,000	64,601	180	48,154	134	16,447	46	Complied
Grade 9	64,800	67,890	180	50,654	134	17,236	46	Complied
Grade 10	64,800	67,890	180	50,654	134	17,236	46	Complied
Grade 11	64,800	67,890	180	50,654	134	17,236	46	Complied
Grade 12	64,800	67,890	180	50,654	134	17,236	46	Complied

*On June 29 2020, the District certified that all schools were closed from March 16, 2020 to May 27, 2020 for a total of 46 instructional days due to COVID-19.

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	2021 (Budget)	2020	2019	2018
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 89,339,416	$ 86,744,607	$ 78,785,664	$ 69,887,524
Expenditures And Other Financing Uses	81,751,314	81,038,183	82,514,444	70,162,480
Net change in Fund Balance	$ 7,588,102	$ 5,706,424	$ (3,728,780)	$ (274,956)
Ending Fund Balance	$ 21,873,089	$ 16,284,987	$ 10,578,563	$ 14,307,344
Available Reserves*	$ 15,937,286	$ 13,390,183	$ 7,336,982	$ 12,554,656
Available Reserves As A Percentage Of Outgo	19.49%	16.52%	8.89%	17.89%
Long-term Liabilities	$ 123,542,846	$ 124,739,340	$ 118,845,726	$ 83,845,020
Average Daily Attendance At P-2	6,044	6,044	5,907	5,813

The General Fund balance has increased $1,977,643 over the past two years. The fiscal year 2020-21 budget projects a further increase of $7,588,102. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years but anticipates incurring an operating surplus during the 2020-21 fiscal year. Total long-term obligations have increased by $40,894,320 over the past two years.

Average daily attendance has increased by 231 ADA over the past two years. No change in ADA is anticipated during the 2020-21 fiscal year.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits
June 30, 2020, annual financial and budget report fund balance	$ 16,284,987	$ 1,573,521	$ 934,515
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	2,508,036	(1,573,521)	(934,515)
Net adjustments and reclassifications	2,508,036	(1,573,521)	(934,515)
June 30, 2020, audited financial statement fund balance	$ 18,793,023	$ -	$ -

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS								
Cash and investments	$ 492,466	$ 169	$ 2,080,690	$ 1,606,318	$ 236,800	$ 1,124,231	$ 2,185,755	$ 7,726,429
Accounts receivable	1,854	1	185,623	7,515	942	7,644	-	203,579
Due from other funds	-	-	67,736	-	-	2,000,000	-	2,067,736
Stores inventory	-	-	85,313	-	-	-	-	85,313
Total Assets	$ 494,320	$ 170	$ 2,419,362	$ 1,613,833	$ 237,742	$ 3,131,875	$ 2,185,755	$ 10,083,057
LIABILITIES								
Accrued liabilities	$ 7,698	$ -	$ 27,815	$ -	$ -	$ -	$ -	$ 35,513
Due to other funds	6,255	-	306,558	-	-	-	-	312,813
Total Liabilities	13,953	-	334,373	-	-	-	-	348,326
FUND BALANCES								
Non-spendable	-	-	90,313	-	-	-	-	90,313
Restricted	121,321	170	1,994,676	-	237,742	3,131,875	2,185,755	7,671,539
Committed	359,046	-	-	1,613,833	-	-	-	1,972,879
Total Fund Balances	480,367	170	2,084,989	1,613,833	237,742	3,131,875	2,185,755	9,734,731
Total Liabilities and Fund Balance	$ 494,320	$ 170	$ 2,419,362	$ 1,613,833	$ 237,742	$ 3,131,875	$ 2,185,755	$ 10,083,057

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES								
Federal sources	$ -	$ -	$ 2,917,225	$ -	$ -	$ -	$ -	$ 2,917,225
Other state sources	359,907	-	249,179	-	-	-	12,275	621,361
Other local sources	14,416	3	225,614	35,990	75,868	240,220	1,401,855	1,993,966
Total Revenues	374,323	3	3,392,018	35,990	75,868	240,220	1,414,130	5,532,552
EXPENDITURES								
Current								
Instruction	105,533	-	-	-	-	-	-	105,533
Instruction-related services								
School site administration	35,030	-	-	-	-	-	-	35,030
Pupil services								
Food services	-	-	3,348,702	-	-	-	-	3,348,702
All other pupil services	64,251	-	-	-	-	-	-	64,251
General administration								
All other general administration	-	-	160,000	-	-	-	-	160,000
Plant services	34,090	-	14,025	148,698	-	-	-	196,813
Facilities acquisition and maintenance	-	-	21,111	178,152	-	5,634,860	-	5,834,123
Debt service								
Principal	-	-	-	-	-	260,000	825,000	1,085,000
Interest and other	-	-	-	-	-	658,888	1,242,959	1,901,847
Total Expenditures	238,904	-	3,543,838	326,850	-	6,553,748	2,067,959	12,731,299
Excess (Deficiency) of Revenues Over Expenditures	135,419	3	(151,820)	(290,860)	75,868	(6,313,528)	(653,829)	(7,198,747)
Other Financing Sources (Uses)								
Transfers in	-	-	67,736	-	-	2,000,000	-	2,067,736
Net Financing Sources (Uses)	-	-	67,736	-	-	2,000,000	-	2,067,736
NET CHANGE IN FUND BALANCE	135,419	3	(84,084)	(290,860)	75,868	(4,313,528)	(653,829)	(5,131,011)
Fund Balance - Beginning	344,948	167	2,169,073	1,904,693	161,874	7,445,403	2,839,584	14,865,742
Fund Balance - Ending	$ 480,367	$ 170	$ 2,084,989	$ 1,613,833	$ 237,742	$ 3,131,875	$ 2,185,755	$ 9,734,731

See accompanying note to supplementary information.

The Barstow Unified School District established in 1966 and consists of an area comprising approximately 1,740 square miles. The District operates six elementary schools, one junior high school, one STEM academy, one high school, one continuation high school, and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Barbara Rose	President	2020
Ben Rosenberg	Vice President	2022
Kris Okamuro	Clerk	2020
Julie Clemmer	Member	2020
Raymond Perea	Member	2022

DISTRICT ADMINISTRATORS

Jeff Malan
Superintendent

Deanna Dibble
Chief Business Officer/Business Manager

Scott Godfrey
Assistant Superintendent, Educational Services

Derrick Delton
Assistant Superintendent, Personnel Services

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2020 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2020.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 9,488,028
Coronavirus Relief Fund (CRF): Learning	21.019	210,810
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 9,698,838

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

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* 46200 through 46208.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

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

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, 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 Barstow Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Barstow Unified School District's basic financial statements, and have issued our report thereon dated March 2, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barstow 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*.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Purpose of this Report

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

Christy White, Inc

San Diego, California
March 2, 2021

CHRISTY WHITE
Certified Public Accountants serving K-12 School Districts and Charter Schools throughout California

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

Report on Compliance for Each Major Federal Program

We have audited Barstow 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 Barstow Unified School District's major federal programs for the year ended June 30, 2020. Barstow 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 Barstow 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 Barstow 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 Barstow Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Barstow 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 each of its major federal programs for the year ended June 30, 2020.

348 Olive Street
San Diego, CA
92103
O: 619-270-8222
F: 619-260-9085
christywhite.com

Report on Internal Control Over Compliance

Management of Barstow 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 Barstow 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 Barstow 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.

Christy White, Inc

San Diego, California
March 2, 2021

CHRISTY WHITE
Certified Public Accountants serving K-12 School Districts and Charter Schools throughout California

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

Report on State Compliance

We have audited Barstow Unified School District's compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations,* section 19810, that could have a direct and material effect on each of Barstow Unified School District's state programs for the fiscal year ended June 30, 2020, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Barstow Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations,* section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Barstow 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 the requirements referred to above. However, our audit does not provide a legal determination of Barstow Unified School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Barstow Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2020.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2020-001. Our opinion on state compliance is not modified with respect to these matters.

Barstow Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Barstow Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

(continued on the following page)

Procedures Performed (continued)

School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No
After/Before School Education and Safety Program	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	Not Applicable
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform applicable state compliance procedures related to California Clean Energy as there were no expenditures relating to the program in 2019-20.

Christy White, Inc

San Diego, California
March 2, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BARSTOW UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.027A, 84.173	Special Education Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2020.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2020.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2020-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (4000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: Six (6) out of sixty (60) students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who was classified as FRPM should have been "Paid" or "Denied" on their meal application, based off their household income information. One (1) out of sixty (60) students did not have supporting documentation to support their "Free" status on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report. Two (2) out of sixty (60) students tested had incomplete lunch applications and therefore their "Free" status could not be verified. The error rate of 9/60 or 15% was extrapolated to the entire population of students only classified as free or reduced. The total extrapolated error rate indicated that a total of 98 students were incorrectly classified.

Effect: The District is not in compliance with applicable State requirements.

Cause: Clerical oversight.

FINDING #2020-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (4000), continued

Questioned Costs: $184,096, calculated as follows:

UPP Audit Adjustment					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				19,107
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				15,277
3	Audit Adjustment - Number of Enrollment				
4	Audit Adjustment - Number of Unduplicated Pupil Count				(98)
5	Revised Adjusted Enrollment				19,107
6	Revised Adjusted Unduplicated Pupil Count				15,179
7	UPP calculated as of P-2				0.7995
8	Revised UPP for audit finding				0.7944
9	**Charter Schools Only:** Determinative School District Concentration Cap				
10	Revised UPP adjusted for Concentration Cap				0.7944
LCFF Target Supplemental Grant Funding Audit Adjustment		TK/K-3	4-6	7-8	9-12
9	Supplemental and Concentration Grant ADA	2,194.40	1,506.19	863.73	1,481.52
10	Adjusted Base Grant per ADA	$8,503	$7,818	$8,050	$9,572
11	Target Supplemental Grant Funding calculated as of P-2				$8,245,804
12	Revised Target Supplemental Grant Funding for audit finding				$8,193,206
13	Target Supplemental Grant Funding audit adjustment				($52,598)
LCFF Target Concentration Grant Funding Audit Adjustment					
14	Target Concentration Grant Funding calculated as of P-2				$6,433,171
15	Revised Target Concentration Grant Funding for audit finding				$6,301,673
16	Target Concentration Grant Funding audit adjustment				($131,498)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target					
18	Total Target Supplemental and Concentration audit adjustment				($184,096)
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap					
19	Statewide Gap Funding Rate as of P-2				1.0000000000
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				($184,096)

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District maintain supporting documentation to support student classification as free or reduced on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report. Additionally, the CALPADS reporting should be revised for any students lacking supporting documentation to support their classification as free or reduced before the close of the Fall I Amendment Window.

Corrective Action Plan: The District has implemented an electronic parent questionnaire that will allow parents/guardians to report financial status based on CEP participation. The electronic parent questionnaire will be emailed to all parents/guardians and placed on the District website for ease of use. The District will send parent/guardian notification when the questionnaire is ready and will send follow-up notification. The paper form of the parent questionnaire will continue to be completed at original enrollment into the District.

FINDING #2019-001: INDEPENDENT STUDY (10000)

Criteria: For attendance generated through independence study, all independent study written agreements must contain the signature of the pupil, pupil's parents, and certificated employee affixed prior to the commencement of the independent study (Education Code Section 51747(c)(8)).

Condition: Seven students had issues with contracts regarding independent study, therefore the total average daily attendance (ADA) credited, 1.63 and 1.54, in P2 and the Annual, respectively, is unallowable.

Cause: Clerical oversight.

Perspective/Context: Auditor found discrepancies in attendance in five out of the five schools tested.

Effect: Loss of apportionment funding for days of attendance related to incomplete and deficient independent study contracts.

Questioned Costs: 1.63 and 1.54, for P2 and the Annual, respectively, were overstated as tested, representing a questioned cost of $14,797.

Grade Span	Second Period Report ADA (Over)/Under Statement	Annual Report ADA (Over)/Under Statement	Adjusted Base Grant per ADA	Questioned Cost
Kindergarten through third	0.07	0.07	$ 8,235	$ 576
Fourth through sixth	0.09	0.09	$ 7,571	$ 681
Seventh through eighth	0.06	0.05	$ 7,796	$ 468
Ninth through twelfth	1.41	1.33	$ 9,269	$ 13,071
Total	1.63	1.54		$ 14,797

Repeat Finding: This is a repeat finding.

Recommendation: We recommend that the District implement adequate procedures to ensure that independent study contracts are being filled with all the necessary information required by the Ed Code and adequate oversight over District attendance ratios are being monitored.

Corrective Action Plan: The District will implement District Wide procedures to address finding with independent study by providing audit guidelines to every school site principal and supporting personnel and review procedures to ensure that all contracts are complete and signed. Under this procedure, each contract will be reviewed by administration and personnel to ensure all contracts are completed properly.

Current Status: Implemented.