

DAVIS JOINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2019

DAVIS JOINT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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DAVIS JOINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019
(Continued)

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Davis Joint Unified School District
Davis, 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 Davis Joint Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Davis Joint 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 the Davis Joint Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 9 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 51 to 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of Davis Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davis Joint Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
December 13, 2019

526 B Street ♦ Davis, CA 95616 ♦ (530) 757-5300 ♦ FAX: (530) 757-5323 ♦ www.djUSD.net

Management's Discussion and Analysis

The Davis Joint Unified School District is located in Yolo County. The District currently operates 16 schools, consisting of 7 elementary schools (grades K-6), 1 elementary school (grades K-3), 3 junior high schools (grades 7-9), 1 comprehensive high school (grades 10-12), 1 Charter School (DaVinci grades 7-12), 1 continuation high school, 1 adult school and 1 independent study program. As of June 30, 2019, the District employed on a regular basis 618 certificated employees and 558 classified employees.

Student enrollment for grades K-12 decreased over 2017-18. For the 2018-19 school year, the District's October enrollment was 8,587. This was a decrease of 43 students from the October enrollment in 2017.

Davis Joint Unified School Mission Statement

The mission of Davis Joint Unified School District, a leading center of educational innovation, is to ignite a love of learning and equip each student with knowledge, skills, character, and well-being to thrive and contribute to an evolving and increasingly-connected world, through a system characterized by:

- Optimal conditions and environments for all students to learn
- A team of talented, resourceful, and caring staff
- Transforming teaching, learning, and operations in our continuing pursuit of excellence
- Resourceful, transparent, and responsible fiscal planning, and
- A diverse and inclusive culture

This Mission Statement is the basis and guiding principles for the District.

FINANCIAL INFORMATION OF THE SCHOOL DISTRICT

Financial Reports

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*. This new standard significantly changed the way school districts report their finances to the public. The focus of financial reporting is now on the overall status of the local educational agency's (LEA) financial health instead of on the individual funds.

Fiscal year 2002-2003 was the first year the District has accounted for the value of capital assets and included these values as part of the financial statements. For the first time we displayed the value of all assets including buildings, land, equipment, and depreciation. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or declining.

Statement of Net Position

The *Statement of Net Position* for the 2018-19 year shows the District's net position as (\$42,887,637). This amount includes the value of the land, buildings, and equipment (less depreciation) owned by the District as well as all liabilities such as bond repayment obligations. The District decreased in net position mainly due to GASB Statement No. 68, pension accountability.

The Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement, issued in June 2012, is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement of Net Position		
	June 30, 2018	June 30, 2019
Assets	\$136,784,902	\$181,803,318
Deferred outflows of resources	\$31,419,562	\$34,709,140
Liabilities	\$202,214,997	\$252,240,095
Deferred inflows of resources	\$7,487,000	\$7,160,000
Ending Net Position	(\$41,497,533)	(\$42,887,637)

Capital Assets

The net Capital Assets as of June 30, 2019 are \$93,547,408. This represents a decrease of \$5,241,236 over the prior year. This decrease is from Accumulated Depreciation.

Long-Term Debt

The Long-Term Debt as of June 30, 2019 is \$242,926,999. This represents an increase of \$53,313,335 over the prior year. This increase is due to issue of bonds and the increase in pension liability.

Overall, the district has strong credit ratings on this outstanding debt which has been positive for the district in recent refunding opportunities. The two CFD No. 2 bonds were upgraded from A to AA-. The 2005 Certificate of Participation matured.

The following are the current and prior ratings:

Long-Term Debt Series	Rating Agency	Current Rating	Prior Rating
CFD No. 2 2012 Special Tax Refunding Bonds	S&P	AA-	A
CFD No. 2 2015 Special Tax Refunding Bonds	S&P	AA-	A
2010 General Obligation Refunding Bonds	S&P	AA-	AA-
2011 General Obligation Refunding Bonds	S&P	AA-	AA-
2005 Certificate of Participation	S&P	Matured	A+
2014 Certificate of Participation	S&P	A+	A+

Statement of Activities

The *Statement of Activities* for the 2018-19 audit show the District's change in net position of (\$1,390,104) for Governmental Activities. The District has an increase in expenditures compared to prior year due to a capital project that was planned over multiple years, increase in pension liability, and increase to the Salary Schedule for all employees due to collective bargaining. Revenue for the capital project is being funded through a one-time source that was received in 2015-2016 under the General Revenues. The following table summarizes the statement of activities:

Statement of Activities		
	June 30, 2018	June 30, 2019
Program Revenues	\$17,558,758	\$23,735,012
General Revenues	\$93,797,138	\$102,221,784
Expenses	\$116,484,225	\$127,346,900
Change in Net Position	(\$5,128,329)	(\$1,390,104)

Financial Condition of the General Fund

The ending balance for the Davis Joint Unified School District increased in 2018-19 due to one-time funding for local restricted categorical programs to be expended in future years.

The following tables summarize fund balance changes and operational fund financial statements:

Summary of Financial Operations		
	June 30, 2018	June 30, 2019
Revenues	\$90,853,504	\$103,967,697
Expenditures	\$95,430,523	\$101,763,684
Difference	(\$4,577,019)	\$2,204,013

Change in Fund Balance	
Fund Balance June 30, 2018	\$8,319,959
Fund Balance June 30, 2019	\$10,523,971
Change	\$2,204,013

General Fund Revenues

Most of the District's General Fund revenue is generated from the District's LCFF revenue, which yields funds based on a state-determined dollar amount times the average number of students who are in attendance (ADA) throughout the school year. Public education--unlike any other public agency--receives most of its revenue based on the population it serves.

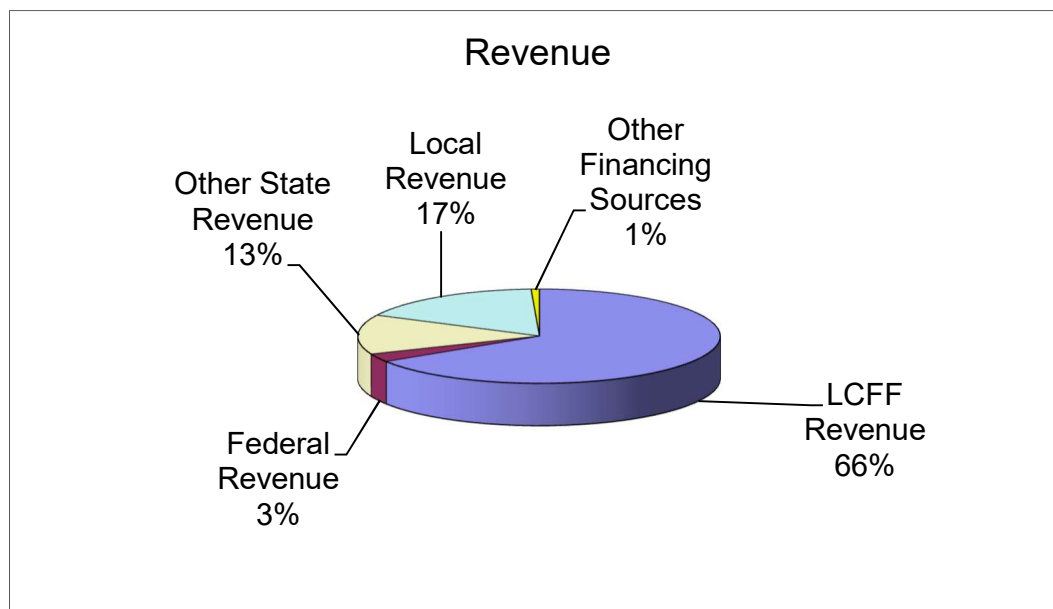
The second largest source of revenue is Local Revenue income that comes from various entities. Our largest component of this revenue stream is Parcel Tax, which is voter approved funding for specific programs and staffing.

The third largest source of revenue is State categorical income that must be spent for selected State-determined programs. The largest categorical program, sometimes classified as "restricted programs," is funded by Special Education services.

Federal income is a small portion of the entire district income. Again, most of the Federal income is restricted since it must be expended for purposes that are determined by the grantor and not the local Board of Education.

The District's total resources for expenditure in the budget year include a "beginning balance," which reflects a carryover of unexpended balances from the prior year.

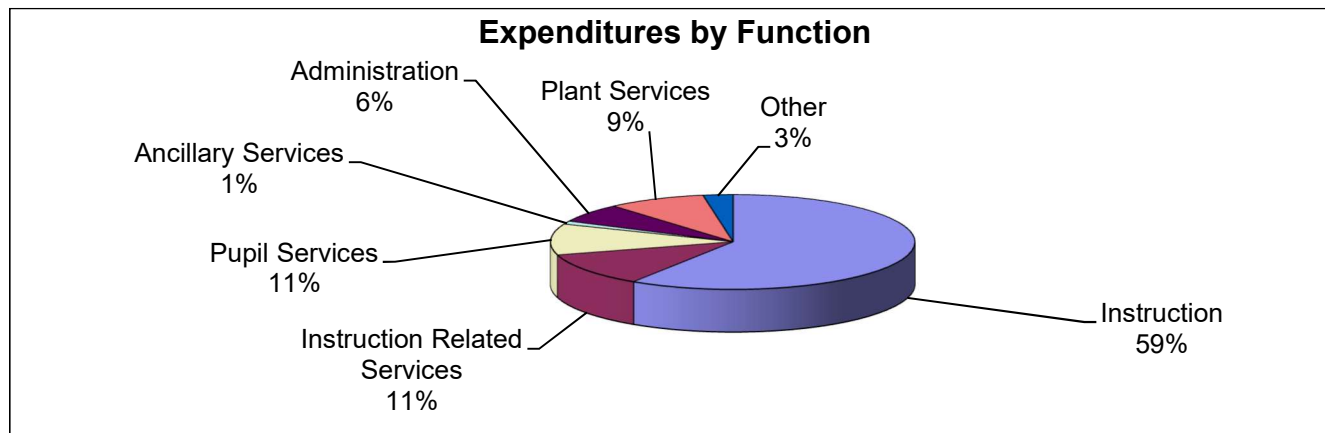
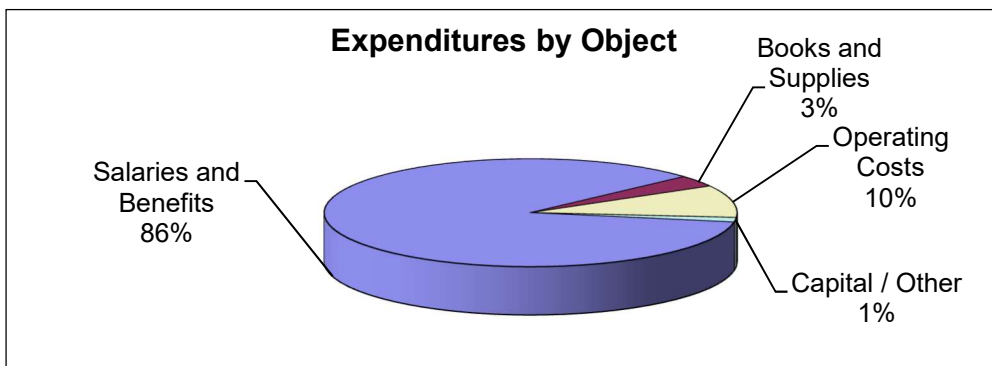
Sources Available	
LCFF Revenue	\$68,532,093
Federal Revenue	2,963,414
Other State Revenue	14,098,022
Local Revenue	17,605,896
Other Financing Sources	768,272
Total Revenue	\$103,967,697
Beginning Fund Balance	8,319,959
Total General Fund Sources	\$112,287,656



General Fund Expenditures

Employee salary and benefit costs consume 86% of the District's general fund expenditures. 60% of the District's expenditures go directly to the classroom for instructional program costs.

General Fund Expenditures	
Salaries and Benefits	\$86,600,448
Books and Supplies	3,485,175
Operating Costs	9,780,612
Capital/Other	1,897,449
Total Expenditures	\$101,763,684



General Fund Budget versus Actuals

General Fund Budget vs. Actual			
	Actuals	Budget	Variance
Revenues	\$103,967,697	\$98,192,871	\$5,774,826
Expenditures	\$101,763,684	\$101,585,342	(\$178,342)
Difference	\$2,204,013	(\$3,392,471)	\$5,596,484

The District's net increase in General Fund Balance was favorable to the Estimated Actuals by \$5,596,484. Revenue was favorable mainly due to State STRS and PERS on Behalf Pension Contribution and Locally Restricted Revenue (Local Grants and Donation). The final STRS and PERS on Behalf Pension Contribution was known until August of 2019.

Factors Bearing on the District's Future

Local:

- Structural spending deficit and declining enrollment
- Collective bargaining agreements

Federal:

- Federal program funding

State:

- Local Control Funding Formula (LCFF)
 - Enrollment/ADA Stability & Growth
 - Accountability Model – Local Control Accountability Plan (LCAP)
 - Accountability is linked to a locally developed plan designated to achieve identified goals
- Increases to Retirement Pensions – STRS/PERS
- Continual Revenue Growth

Contacting the District's Financial Management

If you have any questions regarding this report or need additional financial information contact Bruce Colby, Chief Business and Operation Officer, (530) 757-5300 x 122, or email business@djuds.net.

BASIC FINANCIAL STATEMENTS

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	\$ 81,788,473
Receivables	6,419,630
Stores inventory	47,807
Non-depreciable capital assets (Note 4)	10,128,181
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>83,419,227</u>
Total assets	<u>181,803,318</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - pensions (Notes 7 and 8)	33,878,822
Deferred outflow of resources - OPEB (Note 9)	752,448
Deferred loss from refunding of debt	<u>77,870</u>
Total deferred outflows of resources	<u>34,709,140</u>
LIABILITIES	
Accounts payable	9,148,904
Unearned revenue	164,192
Long-term liabilities (Note 5):	
Due within one year	7,185,650
Due after one year	<u>235,741,349</u>
Total liabilities	<u>252,240,095</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>7,160,000</u>
NET POSITION	
Net investment in capital assets	33,104,846
Restricted:	
Legally restricted programs	5,713,175
Capital projects	7,993,376
Debt service	10,751,474
Unrestricted	<u>(100,450,508)</u>
Total net position	<u>\$ (42,887,637)</u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 75,219,376	\$ 137,084	\$ 14,774,765	\$ -	\$ (60,307,527)
Instruction-related services:					
Supervision of instruction	4,682,654	31,077	1,269,690	-	(3,381,887)
Instructional library, media and technology	2,370,030	2,418	172,519	-	(2,195,093)
School site administration	7,404,405	9,061	962,896	-	(6,432,448)
Pupil services:					
Home-to-school transportation	496,229	1,768	114,870	-	(379,591)
Food services	2,948,706	912,266	1,485,970	-	(550,470)
All other pupil services	10,020,394	7,850	1,690,856	-	(8,321,688)
General administration:					
Data processing	1,636,128	-	42,338	-	(1,593,790)
All other general administration	6,568,856	52,386	723,924	-	(5,792,546)
Plant services	11,062,016	10,605	379,777	-	(10,671,634)
Ancillary services	1,378,492	32,610	485,904	-	(859,978)
Community services	188,998	26	3,930	-	(185,042)
Enterprise activities	6,035	-	-	-	(6,035)
Interest on long-term liabilities	2,200,422	-	-	-	(2,200,422)
Other outgo	1,164,159	15,736	414,686	-	(733,737)
Total governmental activities	<u>\$ 127,346,900</u>	<u>\$ 1,212,887</u>	<u>\$ 22,522,125</u>	<u>\$ -</u>	<u>\$ (103,611,888)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					35,535,116
Taxes levied for debt service					10,966,442
Taxes levied for other specific purposes					10,621,899
Federal and state aid not restricted to specific purposes					42,874,313
Interest and investment earnings					860,028
Miscellaneous					<u>1,363,986</u>
Total general revenues					<u>102,221,784</u>
Change in net position					(1,390,104)
Net position, July 1, 2018					<u>(41,497,533)</u>
Net position, June 30, 2019					<u>\$ (42,887,637)</u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 12,822,250	\$ 49,365,351	\$ 16,279,918	\$ 78,467,519
Cash awaiting deposit	-	-	1,780	1,780
Cash in revolving fund	67,500	-	26,074	93,574
Cash in LAIF	12,683	-	-	12,683
Cash with Fiscal Agent	-	-	2,951,231	2,951,231
Receivables	5,902,801	-	516,660	6,419,461
Due from other funds	501,828	153,479	558,618	1,213,925
Stores inventory	-	-	47,807	47,807
	<u>-</u>	<u>-</u>	<u>47,807</u>	<u>47,807</u>
Total assets	<u>\$ 19,307,062</u>	<u>\$ 49,518,830</u>	<u>\$ 20,382,088</u>	<u>\$ 89,207,980</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,906,801	\$ 26,204	\$ 317,143	\$ 8,250,148
Due to other funds	712,097	81,249	420,579	1,213,925
Unearned revenue	<u>164,192</u>	<u>-</u>	<u>-</u>	<u>164,192</u>
Total liabilities	<u>8,783,090</u>	<u>107,453</u>	<u>737,722</u>	<u>9,628,265</u>
Fund balances:				
Nonspendable	67,500	-	73,881	141,381
Restricted	4,767,633	49,411,377	19,593,559	73,772,569
Assigned	200,000	-	-	200,000
Unassigned	<u>5,488,839</u>	<u>-</u>	<u>(23,074)</u>	<u>5,465,765</u>
Total fund balances	<u>10,523,972</u>	<u>49,411,377</u>	<u>19,644,366</u>	<u>79,579,715</u>
Total liabilities and fund balances	<u>\$ 19,307,062</u>	<u>\$ 49,518,830</u>	<u>\$ 20,382,088</u>	<u>\$ 89,207,980</u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - Governmental Funds \$ 79,579,715

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

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$187,898,999 and the accumulated depreciation is \$94,351,591 (Note 4). 93,547,408

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2019 consisted of (Note 5):

Special Tax Bonds	\$ (15,980,000)	
General Obligation Bonds	(61,625,000)	
Unamortized premiums	(2,409,496)	
Certificates of Participation	(29,531,374)	
Accreted interest	(2,725,830)	
Capitalized lease obligations	(339,913)	
Other postemployment benefits (Note 9)	(18,024,856)	
Net pension liability (Notes 7 and 8)	(111,814,000)	
Compensated absences	<u>(476,530)</u>	
		(242,926,999)

Losses on the refunding of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt. 77,870

In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 8 and 9).

Deferred outflows of resources relating to pensions	\$ 33,878,822	
Deferred outflows of resources relating to OPEB	752,448	
Deferred inflows of resources relating to pensions	<u>(7,160,000)</u>	
		27,471,270

Unmatured interest on long-term debt is recognized in the period incurred. (898,756)

Internal service funds are included in the government-wide financial statements. 261,855

Total net position - governmental activities \$ (42,887,637)

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 35,198,972	\$ -	\$ 2,798,625	\$ 37,997,597
Local sources	<u>33,333,121</u>	<u>-</u>	<u>2,201,995</u>	<u>35,535,116</u>
Total LCFF	<u>68,532,093</u>	<u>-</u>	<u>5,000,620</u>	<u>73,532,713</u>
Federal sources	2,963,414	-	894,042	3,857,456
Other state sources	14,098,022	2,533	1,563,633	15,664,188
Other local sources	<u>17,605,896</u>	<u>(372,362)</u>	<u>14,759,821</u>	<u>31,993,355</u>
Total revenues	<u>103,199,425</u>	<u>(369,829)</u>	<u>22,218,116</u>	<u>125,047,712</u>
Expenditures:				
Current:				
Certificated salaries	43,359,788	-	2,644,923	46,004,711
Classified salaries	18,429,283	38,813	2,067,710	20,535,806
Employee benefits	24,811,377	17,004	1,866,511	26,694,892
Books and supplies	3,485,175	5,912	1,068,587	4,559,674
Contract services and operating expenditures	9,780,612	259,405	2,351,845	12,391,862
Other outgo	770,037	-	-	770,037
Capital outlay	487,664	197,660	107,819	793,143
Debt service:				
Principal retirement	137,023	-	6,226,750	6,363,773
Interest	<u>12,126</u>	<u>-</u>	<u>3,890,893</u>	<u>3,903,019</u>
Total expenditures	<u>101,273,085</u>	<u>518,794</u>	<u>20,225,038</u>	<u>122,016,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,926,340</u>	<u>(888,623)</u>	<u>1,993,078</u>	<u>3,030,795</u>
Other financing sources (uses):				
Transfers in	613,823	-	7,115,728	7,729,551
Transfers out	(490,599)	-	(7,252,371)	(7,742,970)
Proceeds from issuance of debt	-	50,300,000	-	50,300,000
Premium on issuance of debt	-	-	276,474	276,474
Proceeds from capital lease	<u>154,449</u>	<u>-</u>	<u>-</u>	<u>154,449</u>
Total other financing sources:	<u>277,673</u>	<u>50,300,000</u>	<u>139,831</u>	<u>50,717,504</u>
Net change in fund balances	2,204,013	49,411,377	2,132,909	53,748,299
Fund balances, July 1, 2018	<u>8,319,959</u>	<u>-</u>	<u>17,511,457</u>	<u>25,831,416</u>
Fund balances, June 30, 2019	<u>\$ 10,523,972</u>	<u>\$ 49,411,377</u>	<u>\$ 19,644,366</u>	<u>\$ 79,579,715</u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(Continued)

Net change in fund balances - Total Governmental Funds	\$ 53,748,299
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	859,435
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(6,100,671)
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net position, proceeds from debt are reported as increases to liabilities (Note 5).	(50,454,449)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	6,363,773
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	1,587,354
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 5).	33,469
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt.	(7,787)
Interest on long-term liabilities is recognized in the period it is incurred. In governmental funds, it is only recognized when it is due.	(186,914)
In governmental funds, other postemployment benefits are recognized when employers contributions are made. In the government-wide statements, other postemployment benefits are recognized on the accrual basis (Note 9).	(1,376,198)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(44,836)

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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

\$ (5,798,083)

Activities of the internal service fund are reported with governmental activities.

(13,496)

Change in net position of governmental activities

\$ (1,390,104)

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
June 30, 2019

ASSETS

Current assets:

Cash in County Treasury (Note 2)	\$ 261,686
Receivables	<u>169</u>

Total current assets	<u>261,855</u>
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NET POSITION

Net position - unrestricted	<u><u>\$ 261,855</u></u>
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See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2019

Operating revenues:	
In-District premiums	\$ 869
Operating expenses:	
Books and supplies	161
Contract services and operating expenses	<u>34,514</u>
Total operating expenses	<u>34,675</u>
Operating loss	<u>(33,806)</u>
Non-operating revenues:	
Interest income	6,891
Transfers in	<u>13,419</u>
Total non-operating revenues	<u>20,310</u>
Change in net position	(13,496)
Net position, July 1, 2018	<u>275,351</u>
Net position, June 30, 2019	<u><u>\$ 261,855</u></u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND - GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Cash received from premiums	\$ 1,715
Cash paid for supplies and operating expenses	<u>(34,675)</u>
Net cash used in operating activities	(32,960)
Cash flows provided by investing activities:	
Interest income received	6,891
Cash flows from non-capital financing activities:	
Transfer in from other funds	<u>13,419</u>
Decrease in cash and investments	(12,650)
Cash in County Treasury, July 1, 2018	<u>274,336</u>
Cash in County Treasury, June 30, 2019	<u><u>\$ 261,686</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (33,806)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in receivables	388
Decrease in due from other funds	1,419
(Decrease) in due to other funds	<u>(961)</u>
Net cash used in operating activities	<u><u>\$ (32,960)</u></u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2019

	Foundation <u>Trust</u>	Agency Student <u>Body</u>
ASSETS		
Cash and investments (Note 2):		
Cash in County Treasury	\$ 91,030	\$ -
Cash on hand and in banks	-	187,300
Receivables	<u>14,200</u>	<u>-</u>
Total assets	105,230	<u><u>\$ 187,300</u></u>
LIABILITIES		
Due to student groups	<u>-</u>	<u><u>\$ 187,300</u></u>
NET POSITION		
Restricted for scholarships	<u><u>\$ 105,230</u></u>	

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2019

Additions:	
Local sources	\$ 46,016
Deductions:	
Contract services and operating expenditures	<u>33,816</u>
Change in net position	12,200
Net position, July 1, 2018	<u>93,030</u>
Net position, June 30, 2019	<u><u>\$ 105,230</u></u>

See accompanying notes to financial statements.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The District and Davis Schools Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, for inclusion of the Corporation as a blended component unit of the District. The financial activity of the Corporation has been included in the basic financial statements of the District as the Debt Service Fund.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB Codification Section 2100 criteria:

A - Manifestations of Oversight

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent functions as an agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

B - Accountability for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payment of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

C - Scope of Public Service

1. The Corporation was created for the sole purpose of financially assisting the District.

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

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

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

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

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

A - Major Funds

General Fund:

The General Fund is the general 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.

Building Fund:

The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities and equipment.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Charter Schools, Adult Education, Child Development, and Cafeteria Funds.

Capital Project Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. This includes the Capital Facilities, Special Reserve, Capital Projects for Blended Component Units Funds.

The Debt Service funds are used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs. This includes Bond Interest and Redemption Fund and Debt Service Funds.

The Self-Insurance Fund is an internal service fund which is used to cover deductibles and other insurance liability risks. The principal operating revenues for the self-insurance fund are premiums received and related income

The Foundation Trust Fund is used to account for assets held by the District as Trustee.

Agency Funds are used to account for assets of others for which the District has an agency relationship with the activity of the fund. This classification consists of Student Body Funds.

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

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

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

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The District's Governing Board complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2019.

Stores Inventory: Inventories are recorded using the purchase 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.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 state of net position, but are not reported in the fund financial statements.

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at acquisition value of contributed asset. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3 - 30 years depending on asset types.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate as of June 30, 2019:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 23,416,395	\$ 10,462,427	\$ 33,878,822
Deferred inflows of resources	\$ 6,983,000	\$ 177,000	\$ 7,160,000
Net pension liability	\$ 75,360,000	\$ 36,454,000	\$ 111,814,000
Pension expense	\$ 16,904,580	\$ 8,553,636	\$ 25,458,216

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences benefits in the amount of \$476,530 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Yolo bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2- Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2019, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2019, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2019, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2019 are reported at fair value and consisted of the following:

	Governmental Funds	Proprietary Fund	Total Governmental Activities	Fiduciary Funds
Pooled funds:				
Cash in County Treasury	\$ 78,467,519	\$ 261,686	\$ 78,729,205	\$ 91,030
Local Agency Investment Fund	12,683	-	12,683	-
Deposits:				
Cash in revolving fund	93,574	-	93,574	-
Cash on hand and in banks	-	-	-	187,300
Cash awaiting deposit	1,780	-	1,780	-
Cash with Fiscal Agent	<u>2,951,231</u>	<u>-</u>	<u>2,951,231</u>	<u>-</u>
Total cash and investments	<u>\$ 81,526,787</u>	<u>\$ 261,686</u>	<u>\$ 81,788,473</u>	<u>\$ 278,330</u>

Pooled Funds - Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Yolo County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorate 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.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

Pooled Funds - Local Agency Investment Fund: The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the District's accounts were \$280,874 and the bank balances were \$273,934. \$23,934 of the bank balance was FDIC was uninsured, but collateralized.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of debt. The District holds their funds with the Yolo County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the District had no significant interest rate risk related to cash and investments held.

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

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the District had no concentration of credit risk.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 501,828	\$ 712,097
Building	153,479	81,249
Non-Major Funds:		
Charter Schools	41,033	91,668
Adult Education	11,219	7,356
Child Development	86,648	43,169
Cafeteria	48,793	247,606
Capital Facilities	370,810	30,090
Special Reserve	115	-
Capital Projects for Blended Component Units	<u>-</u>	<u>690</u>
Totals	<u><u>\$ 1,213,925</u></u>	<u><u>\$ 1,213,925</u></u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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

Transfers for the 2018-2019 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for parcel tax contributions.	\$ 386,353
Transfer from the General Fund to the Child Development Fund for contributions to the program.	90,827
Transfer from the General Fund to the Self-Insurance Fund for safety credits transfer.	13,419
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	409,973
Transfer from the Adult Education Fund to the General Fund for indirect costs.	25,889
Transfer from the Child Development Fund to the General Fund for indirect costs.	38,392
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	139,569
Transfer from the Capital Facilities Fund to the Special Reserve Fund for the Student Center project.	21,218
Transfer from the Debt Service Fund to the Capital Projects for Blended Component Units Fund for Certificates of Participation payments and to transfer additional revenue.	<u>6,617,330</u>
	<u><u>\$ 7,742,970</u></u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

	Balance July 1, <u>2018</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2019</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 10,055,899	\$ -	\$ -	\$ 10,055,899
Work-in-process	13,200	72,282	13,200	72,282
Depreciable:				
Improvement of sites	8,565,745	193,294	-	8,759,039
Buildings	161,390,966	224,193	-	161,615,159
Equipment	<u>7,013,754</u>	<u>382,866</u>	<u>-</u>	<u>7,396,620</u>
Totals, at cost	<u>187,039,564</u>	<u>872,635</u>	<u>13,200</u>	<u>187,898,999</u>
Less accumulated depreciation:				
Improvement of sites	4,027,984	321,290	-	4,349,274
Buildings	78,276,334	5,439,028	-	83,715,362
Equipment	<u>5,946,602</u>	<u>340,353</u>	<u>-</u>	<u>6,286,955</u>
Total accumulated depreciation	<u>88,250,920</u>	<u>6,100,671</u>	<u>-</u>	<u>94,351,591</u>
Capital assets, net	<u>\$ 98,788,644</u>	<u>\$ (5,228,036)</u>	<u>\$ 13,200</u>	<u>\$ 93,547,408</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 5,722,430
Instructional library, media and technology	12,202
School site administration	6,100
Food services	24,402
All other general administration	176,919
Centralized data processing	18,302
Plant services	<u>140,316</u>
Total depreciation expense	<u>\$ 6,100,671</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - LONG-TERM LIABILITIES

Special Tax Bonds: On May 16, 2012, the District issued a Special Tax Bond, Refunding Series 2012 totaling \$17,450,000. This serial bond has interest rates ranging from 2.00% to 3.50% maturing on August 15, 2028. As of June 30, 2019, no amounts of the refunded bonds were outstanding.

In June 2015, the District issued a Special Tax Bond, Refunding Series 2015 totaling \$7,385,000. This serial bond has interest rates ranging from 2.0% to 4.0% maturing on August 15, 2029. As of June 30, 2019, no amounts of the refunded bonds were outstanding.

The annual requirements to amortize the Special Tax Bonds outstanding as of June 30, 2019, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,770,000	\$ 486,445	\$ 2,256,445
2021	1,820,000	437,295	2,257,295
2022	1,740,000	386,270	2,126,270
2023	1,745,000	331,520	2,076,520
2024	1,545,000	277,095	1,822,095
2025-2029	6,720,000	669,330	7,389,330
2030	<u>640,000</u>	<u>11,200</u>	<u>651,200</u>
	<u>\$ 15,980,000</u>	<u>\$ 2,599,155</u>	<u>\$ 18,579,155</u>

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2019 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2018</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2019</u>
Refunding 2010	3.5-5.0%	2026	\$ 5,865,000	\$ -	\$ 630,000	\$ 5,235,000
Refunding 2011	2.0-5.0%	2028	6,625,000	-	535,000	6,090,000
Election of 2018, Series 2019	3.5-5.0%	2048	<u>-</u>	<u>50,300,000</u>	<u>-</u>	<u>50,300,000</u>
			<u>\$ 12,490,000</u>	<u>\$ 50,300,000</u>	<u>\$ 1,165,000</u>	<u>\$ 61,625,000</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,215,000	\$ 2,155,398	\$ 3,370,398
2021	4,115,000	2,263,850	6,378,850
2022	5,390,000	2,033,225	7,423,225
2023	1,400,000	1,870,775	3,270,775
2024	1,470,000	1,813,550	3,283,550
2025-2029	4,630,000	8,386,366	13,016,366
2030-2034	-	8,113,531	8,113,531
2035-2039	-	8,113,531	8,113,531
2040-2044	16,965,000	6,627,444	23,592,444
2045-2048	<u>26,440,000</u>	<u>2,680,241</u>	<u>29,120,241</u>
	<u>\$ 61,625,000</u>	<u>\$ 44,057,911</u>	<u>\$105,682,911</u>

In April 2010, the District issued General Obligation Refunding Bonds for the purpose of refunding the General Obligation Bond Series 2000. The refunding bonds have interest rates ranging from 3.5% to 5%, maturing on August 1, 2025.

In August 2011, the District issued General Obligation Refunding Bonds for the purpose of refunding the General Obligation Bond Series 2002. The refunding bonds have interest rates ranging from 2% to 5%, maturing on August 1, 2027.

In March 2019, the District issued General Obligation Bonds, Election of 2018, Series 2019, in the amount of \$50,300,000. The bonds have interest rates ranging from 3.5% to 5.0%, maturing on August 1, 2047.

Certificates of Participation: The District issued Certificates of Participation (COPs) totaling \$9,996,960 on August 25, 2005. The COPs carry a variable interest rate ranging from 3.00% to 4.00%, and matured on August 1, 2018.

The District issued Certificates of Participation (COPs) totaling \$4,994,311 on May 1, 2009. The COPs have an interest rate of 4.17%, and mature on August 1, 2019.

The District issued Certificates of Participation (COPs) totaling \$25,967,063 on August 7, 2014. The COPs have an interest rate ranging from 2.0% to 4.0%, and mature on August 1, 2025.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,722,787	\$ 2,328,463	\$ 6,051,250
2021	4,316,945	1,278,455	5,595,400
2022	4,700,035	1,150,365	5,850,400
2023	4,756,607	1,196,793	5,953,400
2024	5,800,000	365,400	6,165,400
2025-2026	<u>6,235,000</u>	<u>124,700</u>	<u>6,359,700</u>
	<u>\$ 29,531,374</u>	<u>\$ 6,444,176</u>	<u>\$ 35,975,550</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations: The District leases equipment under five capital lease agreements. Equipment under capital lease has an original cost of \$2,818,579 and at June 30, 2019 accumulated depreciation related to the leased equipment totaled \$2,554,909.

The annual requirement to amortize the capitalized lease obligations at June 30, 2019 is as follows:

<u>Year Ended June 30,</u>	<u>Lease Payments</u>
2020	\$ 149,149
2021	149,150
2022	33,469
2023	<u>33,469</u>
Less amount representing interest	<u>(25,324)</u>
Present value of net minimum lease payments	<u><u>\$ 339,913</u></u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2019 is shown below:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
<u>Debt:</u>					
Special Tax Bonds	\$ 17,710,000	\$ -	\$ 1,730,000	\$ 15,980,000	\$ 1,770,000
General Obligation Bonds	12,490,000	50,300,000	1,165,000	61,625,000	1,215,000
Unamortized premium	2,442,965	276,474	309,943	2,409,496	342,003
Certificates of Participation	32,863,124	-	3,331,750	29,531,374	3,722,787
Accreted interest	4,313,184	-	1,587,354	2,725,830	-
Capitalized lease obligations	322,487	154,449	137,023	339,913	135,860
<u>Other Long-Term Liabilities:</u>					
Total OPEB Liability (Note 9)	15,896,210	2,128,646	-	18,024,856	-
Net pension liability (Notes 7 and 8)	103,144,000	8,670,000	-	111,814,000	-
Compensated absences	<u>431,694</u>	<u>44,836</u>	<u>-</u>	<u>476,530</u>	<u>-</u>
Totals	<u><u>\$ 189,613,664</u></u>	<u><u>\$ 61,574,405</u></u>	<u><u>\$ 8,261,070</u></u>	<u><u>\$ 242,926,999</u></u>	<u><u>\$ 7,185,650</u></u>

Payments on the Special Tax Bonds are made from the Debt Service Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Debt Service and Capital Projects for Blended Component Units Funds. Payments on the capitalized lease obligations are made from the General Fund. Payments on the compensated absences, net pension liability and other postemployment benefits are made from the fund for which the related employee worked.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 67,500	\$ -	\$ 26,074	\$ 93,574
Stores inventory	<u>-</u>	<u>-</u>	<u>47,807</u>	<u>47,807</u>
Subtotal nonspendable	<u>67,500</u>	<u>-</u>	<u>73,881</u>	<u>141,381</u>
Restricted:				
Legally restricted programs	4,767,633	-	871,661	5,639,294
Capital Projects	-	49,411,377	7,947,350	57,358,727
Debt Service	<u>-</u>	<u>-</u>	<u>10,751,474</u>	<u>10,751,474</u>
Subtotal restricted	<u>4,767,633</u>	<u>49,411,377</u>	<u>19,570,485</u>	<u>73,749,495</u>
Assigned:				
Carryover/Commitments	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Subtotal assigned	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Unassigned:				
Designated for economic uncertainty	4,639,226	-	-	4,639,226
Unassigned	<u>849,613</u>	<u>-</u>	<u>-</u>	<u>849,613</u>
Subtotal unassigned	<u>5,488,839</u>	<u>-</u>	<u>-</u>	<u>5,488,839</u>
Total fund balances	<u>\$ 10,523,972</u>	<u>\$ 49,411,377</u>	<u>\$ 19,644,366</u>	<u>\$ 79,579,715</u>

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

General Information about the State Teachers' Retirement Plan

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

(Continued)

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

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

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

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

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

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-19. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-19.

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

Employers – 16.28 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state’s General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers’ share of the unfunded actuarial obligation of the Defined Benefit Program. The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to			
June 30, 2016	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed \$7,183,395 to the plan for the fiscal year ended June 30, 2019.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

State - 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

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

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23. The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding(1)</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2018	2.017%	5.311%	2.50%	9.828%
July 01, 2019	2.017%	5.811%(2)	2.50%	10.328%(3)
July 01, 2020 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	4.517%(5)

- (1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.
- (2) In May 2019, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019.
- (3) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
- (4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.
- (5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2019, 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	\$ 75,360,000
State's proportionate share of the net pension liability associated with the District	<u>43,148,000</u>
Total	<u>\$ 118,508,000</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District's proportion was 0.082 percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$16,904,580 and revenue of \$7,817,970 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 234,000	\$ 1,095,000
Changes of assumptions	11,707,000	-
Net differences between projected and actual earnings on investments	-	2,902,000
Changes in proportion and differences between District contributions and proportionate share of contributions	4,292,000	2,986,000
Contributions made subsequent to measurement date	<u>7,183,395</u>	<u>-</u>
Total	<u>\$ 23,416,395</u>	<u>\$ 6,983,000</u>

\$7,183,395 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2020	\$ 2,978,500
2021	\$ 1,890,500
2022	\$ (86,500)
2023	\$ 1,440,500
2024	\$ 2,533,500
2025	\$ 493,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return/Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)
* 20-year geometric average		

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$110,394,000</u>	<u>\$ 75,360,000</u>	<u>\$ 46,314,000</u>

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

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

General Information about the Public Employer's Retirement Fund B

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

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-19.

Employers - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed \$3,420,427 to the plan for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$36,454,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2018, the District’s proportion was 0.137 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$8,553,636 and revenue of \$1,238,480 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,390,000	\$ -
Changes of assumptions	3,640,000	-
Net differences between projected and actual earnings on investments	299,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	713,000	177,000
Contributions made subsequent to measurement date	<u>3,420,427</u>	<u>-</u>
Total	<u>\$ 10,462,427</u>	<u>\$ 177,000</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

\$3,420,427 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended
June 30,

2020	\$ 3,883,583
2021	\$ 3,007,583
2022	\$ 189,084
2023	\$ (215,250)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

<u>Asset Class</u>	<u>Long -Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years of 1 - 10 (1)</u>	<u>Expected Real Rate of Return Years of 11+ (2)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation of Assets	6	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	(0.40)	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	\$ <u>53,075,000</u>	\$ <u>36,454,000</u>	\$ <u>22,664,000</u>

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

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the benefits described in Notes 7 and 8, the District provides post-employment health care benefits, under a single employer defined benefit OPEB plan, until age 65 for certain groups of employees who retire from the District and after attaining age 55 with at least 15 years of service. These postemployment health care benefit provisions are established per contractual agreement with employee groups. The District pays up to \$125 per month for health benefits of these retirees to the age of 65. The plan does not issue separate financial statements.

The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to continue health coverage as a participant in the District’s plan. The District’s Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District’s Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2019 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District’s Total OPEB Liability.

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

	<u>Number of Participants</u>
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	214
Active employees	<u>1,043</u>
	<u>1,257</u>

Benefits Provided: The benefits provided are the same as those provided for active employees.

Contributions: California Government Code specifies that the District’s contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District’s premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions to the Plan from the District were \$369,456 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2018.

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

<u>Valuation Date</u>	June 30, 2018
<u>Fiscal Year End</u>	June 30
<u>Mortality Rate</u>	2014 CalPERS Active Mortality for Miscellaneous Employees and 2009 CalSTRS Mortality tables
<u>Discount Rate</u>	3.50%. Based on the Bond Buyer 20-Bond Index.
<u>Retirement Rate</u>	2009 CalSTRS Retirement Rates Hired before 2013: 2009 CalPERS Retirement Rates for School Employees. Hired after 2012: 2009 CalPERS 2%@60 Retirement Rates for Miscellaneous Employees adjusted to reflect a minimum retirement age of 52.
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	2.75% per year
<u>Medicare Coverage</u>	All current and future participating retirees will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Health Care Inflation</u>	4.0% per year
<u>Termination Rate</u>	2009 CalSTRS and CalPERS Termination Rates
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$ 15,896,210
Changes for the year:	
Service cost	1,103,389
Interest	569,211
Changes in assumptions	825,502
Benefit payments	<u>(369,456)</u>
Net change	<u>2,128,646</u>
Balance, June 30, 2019	<u><u>\$ 18,024,856</u></u>

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

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	<u>\$ 21,190,063</u>	<u>\$ 18,024,856</u>	<u>\$ 15,549,758</u>

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

	1% Decrease (3.0%)	Healthcare Cost Trend Rates Rate (4.0%)	1% Increase (5.0%)
Total OPEB Liability	<u>\$ 15,398,886</u>	<u>\$ 18,024,856</u>	<u>\$ 21,338,357</u>

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,128,646. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	752,448	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ 752,448</u></u>	<u><u>\$ -</u></u>

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

Years Ended <u>June 30,</u>	
2020	\$ 73,054
2021	\$ 73,054
2022	\$ 73,054
2023	\$ 73,054
2024	\$ 73,054
Thereafter	\$ 387,178

The effect of changes in assumptions are amortized over a closed period of 10 years as of the June 30, 2019 measurement date.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 - JOINT POWERS AGREEMENTS

Davis Joint Unified School District participates in one joint venture under joint powers agreement (JPA) with North Bay Schools Insurance Authority (NBSIA). The relationship between Davis Joint Unified School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

NBSIA arranges for and provides property, liability, and workers' compensation insurance coverage for its members. The JPA's governing board consist of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district is obligated to pay an amount commensurate with the level of coverage requested and may be subject to assessments. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. have been no significant reductions in insurance coverage in the prior year.

Condensed financial information for the year ended June 30, 2018 (most recent information available) is as follows:

Total assets	\$	69,002,947
Total deferred outflows of resources	\$	757,440
Total liabilities	\$	34,191,002
Total deferred inflows of resources	\$	131,003
Net position	\$	35,438,382
Total revenues	\$	27,663,666
Total expenditures	\$	27,183,110
Change in net position	\$	480,556

NOTE 11 - CONTINGENCIES

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

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

As of June 30, 2019, the District has approximately \$800,000 in outstanding commitments on ongoing construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

DAVIS JOINT UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 39,073,610	\$ 35,441,909	\$ 35,198,972	\$ (242,937)
Local sources	<u>28,968,017</u>	<u>32,845,221</u>	<u>33,333,121</u>	<u>487,900</u>
Total LCFF	<u>68,041,627</u>	<u>68,287,130</u>	<u>68,532,093</u>	<u>244,963</u>
Federal sources	2,751,636	2,908,968	2,963,414	54,446
Other state sources	9,100,031	9,238,239	14,098,022	4,859,783
Other local sources	<u>15,327,396</u>	<u>17,114,112</u>	<u>17,605,896</u>	<u>491,784</u>
Total revenues	<u>95,220,690</u>	<u>97,548,449</u>	<u>103,199,425</u>	<u>5,650,976</u>
Expenditures:				
Current:				
Certificated salaries	43,139,398	43,009,287	43,359,788	(350,501)
Classified salaries	17,933,176	18,376,711	18,429,283	(52,572)
Employee benefits	20,594,850	21,466,805	24,811,377	(3,344,572)
Books and supplies	3,973,663	5,023,476	3,485,175	1,538,301
Contract services and operating expenditures	8,884,038	11,635,812	9,780,612	1,855,200
Other outgo	662,027	662,027	770,037	(108,010)
Capital outlay	77,163	742,191	487,664	254,527
Debt service:				
Principal retirement	104,057	137,023	137,023	-
Interest	<u>9,429</u>	<u>12,126</u>	<u>12,126</u>	<u>-</u>
Total expenditures	<u>95,377,801</u>	<u>101,065,458</u>	<u>101,273,085</u>	<u>(207,627)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(157,111)</u>	<u>(3,517,009)</u>	<u>1,926,340</u>	<u>5,443,349</u>
Other financing sources (uses):				
Transfers in	477,390	489,973	613,823	123,850
Transfers out	(368,291)	(519,884)	(490,599)	29,285
Proceeds from capital lease	<u>-</u>	<u>154,449</u>	<u>154,449</u>	<u>-</u>
Total other financing sources (uses)	<u>109,099</u>	<u>124,538</u>	<u>277,673</u>	<u>153,135</u>
Net change in fund balance	(48,012)	(3,392,471)	2,204,013	5,596,484
Fund balance, July 1, 2018	<u>8,319,959</u>	<u>8,319,959</u>	<u>8,319,959</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 8,271,947</u>	<u>\$ 4,927,488</u>	<u>\$ 10,523,972</u>	<u>\$ 5,596,484</u>

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 1,073,858	\$ 1,103,389
Interest	568,248	569,211
Changes in assumptions	-	825,502
Employer contributions	<u>(355,246)</u>	<u>(369,456)</u>
Net change in total OPEB liability	1,286,860	2,128,646
Total OPEB liability - beginning of year	<u>14,609,350</u>	<u>15,896,210</u>
Total OPEB liability - end of year	<u><u>\$ 15,896,210</u></u>	<u><u>\$ 18,024,856</u></u>
Covered employee payroll	\$ 45,601,512	\$ 48,476,376
Total OPEB liability as a percentage of covered-employee payroll	35%	37%

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

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

	State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.084%	0.083%	0.080%	0.078%	0.082%
District's proportionate share of the net pension liability	\$ 48,887,000	\$ 55,700,000	\$ 64,757,000	\$ 71,701,000	\$ 75,360,000
State's proportionate share of the net pension liability associated with the District	<u>29,520,000</u>	<u>29,459,000</u>	<u>36,868,000</u>	<u>42,418,000</u>	<u>43,148,000</u>
Total net pension liability	<u>\$ 78,407,000</u>	<u>\$ 85,159,000</u>	<u>\$101,625,000</u>	<u>\$114,119,000</u>	<u>\$118,508,000</u>
District's covered payroll	\$ 37,261,000	\$ 38,401,000	\$ 39,902,000	\$ 41,091,000	\$ 43,304,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	174.03%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

All years prior to 2015 are not available.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

	Public Employer's Retirement Fund B Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.129%	0.135%	0.133%	0.132%	0.137%
District's proportionate share of the net pension liability	\$ 14,657,000	\$ 19,902,000	\$ 26,239,000	\$ 31,443,000	\$ 36,454,000
District's covered payroll	\$ 13,553,000	\$ 14,949,000	\$ 15,939,000	\$ 16,793,000	\$ 18,075,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.13%	164.62%	187.24%	201.68%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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

All years prior to 2015 are not available.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

	State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 3,409,992	\$ 4,281,476	\$ 5,196,394	\$ 6,248,751	\$ 7,183,395
Contributions in relation to the contractually required contribution	<u>3,409,992</u>	<u>4,281,476</u>	<u>5,196,394</u>	<u>6,248,751</u>	<u>7,183,385</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 38,401,000	\$ 39,902,000	\$ 41,091,000	\$ 43,304,000	\$ 44,124,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

All years prior to 2015 are not available.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

	Public Employer's Retirement Fund B Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 1,759,547	\$ 1,888,245	\$ 2,331,676	\$ 2,807,154	\$ 3,420,427
Contributions in relation to the contractually required contribution	<u>1,759,547</u>	<u>1,888,245</u>	<u>2,331,676</u>	<u>2,807,154</u>	<u>3,420,427</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,949,000	\$ 15,939,000	\$ 16,793,000	\$ 18,075,000	\$ 18,937,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

All years prior to 2015 are not available.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

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

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

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

D - Schedule of the District's Contributions

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

E - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

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

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

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

SUPPLEMENTARY INFORMATION

DAVIS JOINT UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund	Capital Projects for Blended Components Units Fund	Bond Interest and Redemption Fund	Debt Service Fund	Total
ASSETS										
Cash and investments:										
Cash in County Treasury	\$ 623,477	\$ 136,574	\$ 3,958	\$ 8,332	\$ 1,349,482	\$ (115)	\$ 6,247,302	\$ 3,080,503	\$ 4,830,405	\$ 16,279,918
Cash awaiting deposit	-	400	-	1,380	-	-	-	-	-	1,780
Cash in revolving fund	2,000	1,000	-	23,074	-	-	-	-	-	26,074
Cash with Fiscal Agent	-	-	-	-	-	-	110,665	-	2,840,566	2,951,231
Receivables	74,109	88,509	13,701	313,199	12,142	-	15,000	-	-	516,660
Due from other funds	41,033	11,219	86,648	48,793	370,810	115	-	-	-	558,618
Stores inventory	-	-	-	47,807	-	-	-	-	-	47,807
Total assets	<u>\$ 740,619</u>	<u>\$ 237,702</u>	<u>\$ 104,307</u>	<u>\$ 442,585</u>	<u>\$ 1,732,434</u>	<u>\$ -</u>	<u>\$ 6,372,967</u>	<u>\$ 3,080,503</u>	<u>\$ 7,670,971</u>	<u>\$ 20,382,088</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 22,435	\$ 14,864	\$ 5,401	\$ 147,172	\$ 8,247	\$ -	\$ 119,024	\$ -	\$ -	\$ 317,143
Due to other funds	<u>91,668</u>	<u>7,356</u>	<u>43,169</u>	<u>247,606</u>	<u>30,090</u>	<u>-</u>	<u>690</u>	<u>-</u>	<u>-</u>	<u>420,579</u>
Total liabilities	<u>114,103</u>	<u>22,220</u>	<u>48,570</u>	<u>394,778</u>	<u>38,337</u>	<u>-</u>	<u>119,714</u>	<u>-</u>	<u>-</u>	<u>737,722</u>
Fund balances:										
Nonspendable	2,000	1,000	-	70,881	-	-	-	-	-	73,881
Restricted	624,516	214,482	55,737	-	1,694,097	-	6,253,253	3,080,503	7,670,971	19,593,559
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,074)</u>
Total fund balances	<u>626,516</u>	<u>215,482</u>	<u>55,737</u>	<u>47,807</u>	<u>1,694,097</u>	<u>-</u>	<u>6,253,253</u>	<u>3,080,503</u>	<u>7,670,971</u>	<u>19,644,366</u>
Total liabilities and fund balances	<u>\$ 740,619</u>	<u>\$ 237,702</u>	<u>\$ 104,307</u>	<u>\$ 442,585</u>	<u>\$ 1,732,434</u>	<u>\$ -</u>	<u>\$ 6,372,967</u>	<u>\$ 3,080,503</u>	<u>\$ 7,670,971</u>	<u>\$ 20,382,088</u>

DAVIS JOINT UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund	Capital Projects for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service Fund	Total
Revenues:										
Local Control Funding Formula (LCFF):										
State apportionment	\$ 2,798,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,798,625
Local sources	<u>2,201,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,201,995</u>
Total LCFF	<u>5,000,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,620</u>
Federal sources	-	-	-	894,042	-	-	-	-	-	894,042
Other state sources	629,474	390,407	379,672	141,024	-	-	12,200	10,856	-	1,563,633
Other local sources	<u>61,424</u>	<u>240,359</u>	<u>243,274</u>	<u>1,476,631</u>	<u>1,520,599</u>	<u>(266)</u>	<u>12,224</u>	<u>1,781,638</u>	<u>9,423,938</u>	<u>14,759,821</u>
Total revenues	<u>5,691,518</u>	<u>630,766</u>	<u>622,946</u>	<u>2,511,697</u>	<u>1,520,599</u>	<u>(266)</u>	<u>24,424</u>	<u>1,792,494</u>	<u>9,423,938</u>	<u>22,218,116</u>
Expenditures:										
Current:										
Certificated salaries	2,072,805	298,576	273,542	-	-	-	-	-	-	2,644,923
Classified salaries	359,357	95,339	130,650	1,295,393	-	-	186,971	-	-	2,067,710
Employee benefits	981,489	128,140	175,260	502,281	-	-	79,341	-	-	1,866,511
Books and supplies	97,243	49,717	7,339	825,384	81,894	-	7,010	-	-	1,068,587
Contract services and operating expenditures	1,672,677	67,592	33,467	51,635	117,000	20,952	120,400	268,122	-	2,351,845
Capital outlay	-	-	-	77,844	29,975	-	-	-	-	107,819
Debt service:										
Principal retirement	-	-	-	-	-	-	270,000	1,165,000	4,791,750	6,226,750
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,330</u>	<u>474,444</u>	<u>3,369,119</u>	<u>3,890,893</u>
Total expenditures	<u>5,183,571</u>	<u>639,364</u>	<u>620,258</u>	<u>2,752,537</u>	<u>228,869</u>	<u>20,952</u>	<u>711,052</u>	<u>1,907,566</u>	<u>8,160,869</u>	<u>20,225,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>507,947</u>	<u>(8,598)</u>	<u>2,688</u>	<u>(240,840)</u>	<u>1,291,730</u>	<u>(21,218)</u>	<u>(686,628)</u>	<u>(115,072)</u>	<u>1,263,069</u>	<u>1,993,078</u>
Other financing sources (uses):										
Transfers in	-	-	90,827	386,353	-	21,218	6,617,330	-	-	7,115,728
Transfers out	(409,973)	(25,889)	(38,392)	(139,569)	(21,218)	-	-	-	(6,617,330)	(7,252,371)
Premium on issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,474</u>	<u>-</u>	<u>276,474</u>
Total other financing sources (uses)	<u>(409,973)</u>	<u>(25,889)</u>	<u>52,435</u>	<u>246,784</u>	<u>(21,218)</u>	<u>21,218</u>	<u>6,617,330</u>	<u>276,474</u>	<u>(6,617,330)</u>	<u>139,831</u>
Net change in fund balances	97,974	(34,487)	55,123	5,944	1,270,512	-	5,930,702	161,402	(5,354,261)	2,132,909
Fund balances, July 1, 2018	<u>528,542</u>	<u>249,969</u>	<u>614</u>	<u>41,863</u>	<u>423,585</u>	<u>-</u>	<u>322,551</u>	<u>2,919,101</u>	<u>13,025,232</u>	<u>17,511,457</u>
Fund balances, June 30, 2019	<u>\$ 626,516</u>	<u>\$ 215,482</u>	<u>\$ 55,737</u>	<u>\$ 47,807</u>	<u>\$ 1,694,097</u>	<u>\$ -</u>	<u>\$ 6,253,253</u>	<u>\$ 3,080,503</u>	<u>\$ 7,670,971</u>	<u>\$ 19,644,366</u>

DAVIS JOINT UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2019

	Balance July 1, <u>2018</u>	Additions	Deductions	Balance June 30, <u>2019</u>
<u>Student Body</u>				
<u>Davis High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>110,845</u>	\$ <u>242,683</u>	\$ <u>208,008</u>	\$ <u>145,520</u>
Liabilities:				
Due to student groups	\$ <u>110,845</u>	\$ <u>242,683</u>	\$ <u>208,008</u>	\$ <u>145,520</u>
<u>DaVinci High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>3,058</u>	\$ <u>5,610</u>	\$ <u>6,082</u>	\$ <u>2,586</u>
Liabilities:				
Due to student groups	\$ <u>3,058</u>	\$ <u>5,610</u>	\$ <u>6,082</u>	\$ <u>2,586</u>
<u>Emerson Middle School</u>				
Assets:				
Cash on hand and in banks	\$ <u>(155)</u>	\$ <u>18,000</u>	\$ <u>10,443</u>	\$ <u>7,402</u>
Liabilities:				
Due to student groups	\$ <u>(155)</u>	\$ <u>18,000</u>	\$ <u>10,443</u>	\$ <u>7,402</u>
<u>Harper Middle School</u>				
Assets:				
Cash on hand and in banks	\$ <u>14,267</u>	\$ <u>38,153</u>	\$ <u>41,954</u>	\$ <u>10,466</u>
Liabilities:				
Due to student groups	\$ <u>14,267</u>	\$ <u>38,153</u>	\$ <u>41,954</u>	\$ <u>10,466</u>
<u>Holmes Middle School</u>				
Assets:				
Cash on hand and in banks	\$ <u>28,560</u>	\$ <u>34,663</u>	\$ <u>41,897</u>	\$ <u>21,326</u>
Liabilities:				
Due to student groups	\$ <u>28,560</u>	\$ <u>34,663</u>	\$ <u>41,897</u>	\$ <u>21,326</u>
<u>Total Student Body Funds</u>				
Assets:				
Cash on hand and in banks	\$ <u>156,575</u>	\$ <u>339,109</u>	\$ <u>308,384</u>	\$ <u>187,300</u>
Liabilities:				
Due to student groups	\$ <u>156,575</u>	\$ <u>339,109</u>	\$ <u>308,384</u>	\$ <u>187,300</u>

DAVIS JOINT UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2019

Davis Joint Unified School District was established on July 1, 1962 and comprises an area located in Solano and Yolo Counties. There were no changes in the boundaries of the District during the current year. Davis Joint Unified School District covers an area of approximately 15 square miles. The District currently operates eight elementary, one K through third grade, three junior highs, one high school, and one charter school. The District also maintains a continuation high school, an adult education school and an independent study program.

GOVERNING BOARDS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Robert Poppenga	President	December 2020
Cindy Pickett	Vice President/Clerk	December 2022
Tom Adam	Trustee	December 2022
Joe DiNunzio	Trustee	December 2022
Alan Fernandes	Trustee	December 2020

ADMINISTRATION

John A. Bowes, Ed.D.
Superintendent

Bruce Colby
Chief Business and Operations Officer

Mathew Best
Deputy Superintendent

Rody Boonchouy
Associate Superintendent, Instructional Services

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2019

	Second Period <u>Report</u>	Annual <u>Report</u>
DISTRICT		
Certificate Numbers	B9187AD4	6E30FFE3
Elementary:		
Transitional Kindergarten through Third	2,265	2,273
Fourth through Sixth	1,832	1,835
Seventh and Eighth	1,165	1,164
Special Education	<u>12</u>	<u>12</u>
Subtotal elementary	<u>5,274</u>	<u>5,284</u>
Secondary:		
Ninth through Twelfth	2,355	2,345
Continuation Education	43	41
Special Education	<u>5</u>	<u>5</u>
Subtotal secondary	<u>2,403</u>	<u>2,391</u>
District totals	<u><u>7,677</u></u>	<u><u>7,675</u></u>
CHARTER SCHOOLS		
Certificate Numbers	08CA0D1C	DA29B1A2
<u>Classroom-based Charter</u>		
Elementary:		
Seventh through Eighth	190	189
Secondary:		
Ninth through Twelfth	<u>362</u>	<u>359</u>
Total	<u><u>552</u></u>	<u><u>548</u></u>

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2019

<u>Grade Level</u>	<u>Minutes Require- ment</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,555	180	In Compliance
Grade 2	50,400	50,555	180	In Compliance
Grade 3	50,400	50,555	180	In Compliance
Grade 4	54,000	54,575	180	In Compliance
Grade 5	54,000	54,575	180	In Compliance
Grade 6	54,000	54,575	180	In Compliance
Grade 7	54,000	65,015	180	In Compliance
Grade 8	54,000	65,015	180	In Compliance
Grade 9	64,800	65,015	180	In Compliance
Grade 10	64,800	65,110	180	In Compliance
Grade 11	64,800	65,110	180	In Compliance
Grade 12	64,800	65,110	180	In Compliance
<u>Classroom-based Charter School</u>				
Grade 7	54,000	66,305	180	In Compliance
Grade 8	54,000	66,305	180	In Compliance
Grade 9	64,800	66,305	180	In Compliance
Grade 10	64,800	64,804	180	In Compliance
Grade 11	64,800	64,804	180	In Compliance
Grade 12	64,800	64,804	180	In Compliance

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance, Part B, Section 611	13379	\$ 1,503,651
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619	13430	25,336
84.027	Special Education: IDEA Mental Health, Part B, Section 619	14468	86,417
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	341
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Private School ISPs	10115	<u>71,191</u>
	Subtotal Special Education Cluster		<u>1,686,936</u>
	ESEA: Title III Programs:		
84.365	ESEA: Title III Limited English Proficient (LEP) Student Program	14346	110,155
84.365	ESEA: Title III, Immigrant Education Program	15146	<u>40,382</u>
	Subtotal ESEA: Title III Programs		<u>150,537</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	851,797
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	209,714
84.424	ESEA: Title IV, Part A, Student Support	15391	22,743
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	<u>41,687</u>
	Total U.S. Department of Education		<u>2,963,414</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education:</u>			
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13524	890,304
10.574	Child Nutrition: Team Nutrition Grant	15332	<u>3,738</u>
	Total U.S. Department of Agriculture		<u>894,042</u>
	Total Federal Programs		<u>\$ 3,857,456</u>

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

There were no adjustments made to any funds of the District.

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2019
(UNAUDITED)

	(Budgeted) <u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Revenues and other financing sources	\$ <u>96,327,510</u>	\$ <u>103,967,697</u>	\$ <u>90,853,502</u>	\$ <u>89,452,107</u>
Expenditures	98,079,031	101,273,085	95,160,179	87,687,982
Other uses and transfers out	<u>333,704</u>	<u>490,599</u>	<u>270,342</u>	<u>124,566</u>
Total outgo	<u>98,412,735</u>	<u>101,763,684</u>	<u>95,430,521</u>	<u>87,812,548</u>
Changes in fund balance	\$ <u>(2,085,225)</u>	\$ <u>2,204,013</u>	\$ <u>(4,577,019)</u>	\$ <u>1,639,559</u>
Ending fund balance	\$ <u>8,438,747</u>	\$ <u>10,523,972</u>	\$ <u>8,319,959</u>	\$ <u>12,896,978</u>
Available reserves	\$ <u>3,943,917</u>	\$ <u>5,488,839</u>	\$ <u>5,289,025</u>	\$ <u>7,687,738</u>
Designated for economic uncertainties	\$ <u>3,094,304</u>	\$ <u>4,639,226</u>	\$ <u>5,289,025</u>	\$ <u>6,995,099</u>
Undesignated fund balance	\$ <u>849,613</u>	\$ <u>849,613</u>	\$ <u>-</u>	\$ <u>692,639</u>
Available reserves as percentages of total outgo	<u>4.0%</u>	<u>5.4%</u>	<u>5.5%</u>	<u>8.8%</u>
All Funds				
Total long-term liabilities	\$ <u>235,741,349</u>	\$ <u>242,926,999</u>	\$ <u>189,613,664</u>	\$ <u>178,229,307</u>
Average daily attendance at P-2, excluding Charter	<u>7,702</u>	<u>7,677</u>	<u>7,687</u>	<u>7,671</u>

The General Fund fund balance has decreased by \$733,447 over the past three years. The fiscal year 2019-2020 budget projects a decrease of \$2,085,225. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus for two of the past three years, and anticipates incurring an operating deficit during the fiscal year 2019-2020.

Total long-term liabilities have increased by \$64,697,692 over the past two years.

Average daily attendance has increased by 6 over the past two years. The District anticipates an increase of 25 ADA for fiscal year 2019-2020.

See accompanying notes to supplementary information.

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2019

Charter Schools Chartered by District

#1079 Da Vinci Junior High and High School Academy

Included in District
Financial Statements, or
Separate Report

Included in the District's Financial
Statements as the Charter Schools
Fund

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Davis Joint Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There are no reconciling items between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2019-2020 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2019, the District did not adopt such a program.

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

Board of Education
Davis Joint Unified School District
Davis, California

Report on Compliance with State Laws and Regulations

We have audited Davis Joint Unified School District's compliance with the types of compliance requirements described in the State of California's 2018-19 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2019.

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

(Continued)

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

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

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

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

The District did not operate a transportation program, therefore, we did not perform any procedures related to Transportation Maintenance of Effort.

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

The District did not elect to operate as a District of Choice, therefore, we did not perform any procedures related to District of Choice.

The District did not receive any funds from the After/Before School Education and Safety Program; therefore, we did not perform any procedures related to the After/Before School Education and Safety Program.

The District did not operate an Independent Study-Course Based program, therefore, we did not perform any procedures related to this program.

The District's reported ADA for Nonclassroom-Based Instruction/Independent Study for charter schools was below the materiality level that requires testing; therefore, we did not perform any testing of Nonclassroom-Based Instruction/Independent Study and Determination of Funding for Nonclassroom-Based Instruction, for charter schools.

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Davis Joint Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Davis Joint Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Davis Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2019-001 in the accompanying Schedule of Audit Findings and Questioned Costs, Davis Joint Unified School District did not comply with requirements regarding Attendance Reporting. Compliance with such requirements is necessary, in our opinion, for Davis Joint Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Attendance Reporting.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Davis Joint Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2019.

Other Matter

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California
December 13, 2019

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

Board of Education
Davis Joint Unified School District
Davis, 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 Davis Joint Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Davis Joint Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
December 13, 2019

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

Board of Education
Davis Joint Unified School District
Davis, California

Report on Compliance for the Major Federal Program

We have audited Davis Joint 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 Davis Joint Unified School District's major federal program for the year ended June 30, 2019. Davis Joint Unified School District's major federal program is 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 Davis Joint 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 Davis Joint 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 Davis Joint Unified School District's compliance.

Opinion on the Major Federal Program

In our opinion, Davis Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

Management of Davis Joint 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 Davis Joint Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Davis Joint Unified School District's internal control over compliance.

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

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

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



Crowe LLP

Sacramento, California
December 13, 2019

FINDINGS AND RECOMMENDATIONS

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition: School Programs - Child Nutrition Cluster
84.010	ESEA: Title I, Part A, Basic Grants Low- Income and Neglected

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

Auditee qualified as low-risk auditee? X Yes No

STATE AWARDS

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

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

DAVIS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b), and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support attendance reported to the State.

Condition

At Holmes Middle School two students were improperly included for a total misstatement of 2 days.

Effect

The effect of this finding is an overstatement of 0.02 ADA in the sixth through eighth grade span.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

No fiscal impact as the effect is less than 0.5 ADA.

Recommendation

The District should ensure attendance records are accurately recorded.

Views of Responsible Officials and Planned Corrective Action

For the site listed above, the attendance clerk was informed of the audit finding and was reminded to be more cautious and careful when posting attendance to ensure all communicated absences are being posted accurately.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

DAVIS JOINT UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2019

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2018-001	Implemented.	
<u>Condition:</u> At Harper Junior High School, the cash box maintained by the Athletic Director was not deposited to the Associated Student Body (ASB) Secretary in a timely manner.		
At Emerson Junior High School, the bank reconciliation did not agree to support.		
<u>Recommendation:</u> School sites should implement the proper control procedures in order to protect ASB funds from misappropriation.		