

**BUTTONWILLOW UNION SCHOOL DISTRICT
COUNTY OF KERN
BUTTONWILLOW, CALIFORNIA
AUDIT REPORT
JUNE 30, 2020**

**Linger, Peterson & Shrum
Certified Public Accountants
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Introductory Section

Buttonwillow Union School District
Audit Report
For The Year Ended June 30, 2020

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Financial Section

Linger, Peterson & Shrum
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Independent Auditor's Report

To the Board of Trustees
Buttonwillow Union School District
Buttonwillow, California 93206

Report on the Financial Statements

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buttonwillow Union School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of Buttonwillow Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buttonwillow Union School District's internal control over financial reporting and compliance.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
March 29, 2021

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Management's Discussion and Analysis

**BUTTONWILLOW UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The discussion and analysis of the Buttonwillow Union Elementary School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- Total assets decreased \$537,684. Net position decreased \$1,186,856 from the prior year net position, which represents a 39.37% decrease from fiscal year 2019 net position.
- General revenues accounted for \$4,714,286 of the total revenues. Program specific revenues, in the form of charges for services were \$2,771, operating grants and contributions accounted for \$1,407,351, and capital grants and contributions accounted for \$0.
- The District had \$7,311,264 in expenses related to governmental activities; only \$1,410,122 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily interest, property taxes, and Federal and State aid not restricted to specific purposes) of \$4,714,286 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities as a whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in a single column. For the District, the General Fund, Child Development Fund, Special Reserve Capital Projects Fund, and Bond Interest and Redemption Fund are the most significant Funds.

B O A R D M E M B E R S

Regina Houchin
President

Richard Garcia
Clerk

Marie Parsons
Member

Maria De La Rosa
Member

Megan Lucas
Member

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

While this report contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole, looks at all financial transactions and asks the question: “How did we do financially during the fiscal year?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses, regardless of when cash was received or paid.

These two statements report the District’s net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District’s property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District’s programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.
- Business-type activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District had no business-type activities for the fiscal year ended June 30, 2020.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the General Fund, Child Development Fund, Special Reserve Capital Projects Fund, and Bond Interest and Redemption Fund.

Governmental Funds

All of the District’s activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be

spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities, and the governmental funds is reconciled in the financial statements.

Fiduciary Funds

For assets that belong to others, such as the Student Body Funds, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and by those to whom the assets belong. A separate Statement of Fiduciary Net Position--Fiduciary Fund and a Statement of Changes in Assets and Liabilities--Agency Fund report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

THE DISTRICT AS A WHOLE

Net Position

The perspective of the Statement of Net Position is of the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

Table 1: Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 3,369,301	\$ 3,530,641
Capital assets, net	<u>3,546,800</u>	<u>3,923,144</u>
Total Assets	<u>\$ 6,916,101</u>	<u>\$ 7,453,785</u>
Deferred Outflows	<u>\$ 699,681</u>	<u>\$ 648,034</u>
Liabilities		
Current liabilities	\$ 394,359	\$ 218,394
Long-term liabilities	<u>10,493,093</u>	<u>10,737,856</u>
Total Liabilities	<u>\$ 10,887,452</u>	<u>\$ 10,956,250</u>
Deferred Inflows	<u>\$ 929,617</u>	<u>\$ 160,000</u>
Net Position		
Net investment in capital assets	\$ 209,213	\$ (1,077,205)
Restricted	887,854	-
Unrestricted	<u>(5,298,354)</u>	<u>(1,937,226)</u>
Total Net Position	<u>\$ (4,201,287)</u>	<u>\$ (3,014,431)</u>

Total assets decreased \$537,684. Net position of the District's governmental activities decreased \$1,186,856 from the prior year net position.

Changes in Net Position

Table 2 reflects the change in net position for fiscal year 2020 compared to 2019:

Table 2: Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 2,771	\$ 13,931
Operating and capital grants and contributions	1,407,351	1,033,640
General revenues		
LCFF sources	3,649,876	3,846,226
Federal revenues	32,091	-
State revenues	361,368	339,649
Local revenues	670,951	827,539
Total Revenues	<u>\$ 6,124,408</u>	<u>\$ 6,060,985</u>
Program expenses:		
Instruction	\$ 3,360,802	\$ 3,185,032
Instruction-related services	329,083	295,471
Pupil services	905,492	890,734
Ancillary services	14,513	16,411
Community services	5,844	-
General administration	687,567	877,283
Plant and community services	951,814	891,453
Other outgo	216,498	85,564
Interest on long-term debt	839,651	310,502
Total Expenses	<u>\$ 7,311,264</u>	<u>\$ 6,552,450</u>
Changes in Net Position	<u><u>\$ (1,186,856)</u></u>	<u><u>\$ (491,465)</u></u>

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$5,889,043, and expenditures of \$6,127,578. The negative change in the governmental fund balance for the year of \$238,535, reflects that the District was not able to meet current costs with current revenue.

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2020, the District amended its General Fund budget as needed. The District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the District had \$3,546,800 invested in capital assets. Table 3 reflects fiscal year 2020 balances compared to 2019:

Table 3: Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 71,823	\$ 7,182
Land Improvement	78,145	82,527
Buildings	3,180,482	3,563,010
Equipment	216,350	270,425
Totals	<u>\$ 3,546,800</u>	<u>\$ 3,923,144</u>

The work-in-progress is costs incurred for modernization.

Long-Term Debt

At year-end, the District had \$4,530,956 in net pension liability. This is an increase of \$224,956 from last year as shown in Table 4.

Table 4: Outstanding Debt, at Year-End

	Governmental Activities	
	2020	2019
General obligation bonds	\$ 3,320,996	\$ 3,619,320
Postemployment health benefits	603,725	1,334,916
Accreted interest on general obligation bonds	2,006,179	1,445,670
Compensated absences	31,237	31,950
Net pension liability	4,530,956	4,306,000
Totals	<u>\$ 10,493,093</u>	<u>\$ 10,737,856</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The California economy, although at times showing improvement, continues to lag behind in its financial commitment to schools and districts all over the state. The Governor appears to strongly support education, but continues to face a challenging structural problem in terms of the state finances. Local Control Funding Formula and the LCAP have given the District an opportunity to establish goals and align the budget to reach those goals and remain focused on increasing service to students.

With the current Governor's interest in supporting school facility funding, there is hope for additional funding. With the challenges that are currently faced at Buttonwillow Union Elementary School District we will continue to explore and advocate for any possible funding sources to update and improve facilities. The District is committed to remaining fiscally conservative while making certain we address our facilities updates in an organized and informed fashion.

The Buttonwillow Union Elementary School District maintains more than the required 5% reserve for economic uncertainties, and continues to build its special reserves. The Buttonwillow Union Elementary School District has no long-term debt other than the net pension liability and, as in the past, will continue to be fiscally conservative.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, potentially leading to an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances, and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Stuart Packard, Superintendent, Buttonwillow Union Elementary School District, 42600 Highway 58 Buttonwillowm CA 93206.

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Basic Financial Statements

BUTTONWILLOW UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS:	
Cash in County Treasury	\$ 2,804,954
Cash in Revolving Fund	3,000
Accounts Receivable	216,338
Due from Grantor Governments	362,546
Unamortized Issuance Costs	(17,537)
Capital Assets:	
Land	71,823
Land Improvements, Net	78,145
Buildings, Net	3,180,482
Equipment, Net	216,350
Total Assets	<u>6,916,101</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows of Resources - Pensions	687,675
Deferred Outflows of Resources - OPEB	12,006
Total Deferred Outflows of Resources	<u>699,681</u>
LIABILITIES:	
Accounts Payable	253,017
Due to Grantor Governments	137,732
Unearned Revenue	3,610
Noncurrent Liabilities:	
Net Pension Liability	4,530,956
Other Postemployment Benefit Obligation	603,725
Due within one year	485,000
Due in more than one year	4,873,412
Total Liabilities	<u>10,887,452</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	185,735
Deferred Inflows of Resources - OPEB	743,882
Total Deferred Inflows of Resources	<u>929,617</u>
NET POSITION:	
Net Investment in Capital Assets	209,213
Restricted For:	
Debt Service	539,794
Capital Projects	104,865
Other Purposes	243,195
Unrestricted	(5,298,354)
Total Net Position	<u>\$ (4,201,287)</u>

The accompanying notes are an integral part of this statement.

BUTTONWILLOW UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	\$ 3,360,802	\$ -	\$ 682,170	\$ (2,678,632)
Instruction-Related Services	329,083	-	56,810	(272,273)
Pupil Services	905,492	(109)	425,133	(480,468)
Ancillary Services	14,513	-	2,622	(11,891)
Community Services	5,844	-	1,165	(4,679)
General Administration	687,567	2,880	123,721	(560,966)
Plant Services	951,814	-	115,730	(836,084)
Other Outgo	514,822	-	-	(514,822)
Interest on Long-Term Obligations	839,651	-	-	(839,651)
Total Governmental Activities	7,311,264	2,771	1,407,351	(5,901,142)
Total Primary Government	<u>\$ 7,311,264</u>	<u>\$ 2,771</u>	<u>\$ 1,407,351</u>	<u>(5,901,142)</u>
General Revenues:				
LCFF Sources				3,649,876
Federal Revenues				32,091
State Revenues				361,368
Local Revenues				670,951
Total General Revenues				<u>4,714,286</u>
Change in Net Position				(1,186,856)
Net Position - Beginning				(3,014,431)
Net Position - Ending				<u>\$ (4,201,287)</u>

The accompanying notes are an integral part of this statement.

BUTTONWILLOW UNION SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2020

	General Fund	Child Development Fund
ASSETS:		
Cash in County Treasury	\$ 696,541	\$ 28,220
Cash in Revolving Fund	3,000	-
Accounts Receivable	114,155	112
Due from Grantor Governments	362,546	-
Due from Other Funds	68,156	56,486
Total Assets	<u>1,244,398</u>	<u>84,818</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 191,386	\$ 3,144
Due to Grantor Governments	129,416	8,316
Due to Other Funds	56,683	68,156
Unearned Revenue	3,610	-
Total Liabilities	<u>381,095</u>	<u>79,616</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	3,000	-
Restricted Fund Balances	139,885	-
Assigned Fund Balances	229,950	5,202
Unassigned:		
Other Unassigned	490,468	-
Total Fund Balance	<u>863,303</u>	<u>5,202</u>
Total Liabilities and Fund Balances	<u>\$ 1,244,398</u>	<u>\$ 84,818</u>

The accompanying notes are an integral part of this statement.

Capital Outlay Projects	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ 1,385,350	\$ 539,458	\$ 155,385	\$ 2,804,954
-	-	-	3,000
7,246	336	94,489	216,338
-	-	-	362,546
-	-	197	124,839
<u>1,392,596</u>	<u>539,794</u>	<u>250,071</u>	<u>3,511,677</u>
\$ -	\$ -	\$ 41,896	\$ 236,426
-	-	-	137,732
-	-	-	124,839
-	-	-	3,610
<u>-</u>	<u>-</u>	<u>41,896</u>	<u>502,607</u>
-	-	-	3,000
-	539,794	208,175	887,854
1,392,596	-	-	1,627,748
-	-	-	490,468
<u>1,392,596</u>	<u>539,794</u>	<u>208,175</u>	<u>3,009,070</u>
\$ <u>1,392,596</u>	\$ <u>539,794</u>	\$ <u>250,071</u>	\$ <u>3,511,677</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Balance Sheet, Governmental Funds	\$ 3,009,070
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets	11,729,891
Accumulated depreciation	(8,183,091)
Certain debt issue costs are recognized in the funds as expenditures in the period the debt was incurred, whereas in the government-wide statements, they are amortized over the life of the debt:	
Unamortized prepaid insurance related to debt	(17,537)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(16,591)
General obligation bonds payable	(3,320,996)
Accreted interest	(2,006,179)
Other post-employment benefits payable (OPEB)	(603,725)
Net pension liability	(4,530,956)
Compensated absences payable	(31,237)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:	
Deferred outflows of resources related to pensions	687,675
Deferred inflows of resources related to pensions	(185,735)
Deferred outflows of resources related to OPEB	12,006
Deferred inflows of resources related to OPEB	(743,882)
Total Fund Balance of Governmental Activities - Statement of Net Position	\$ <u>(4,201,287)</u>

The notes to the financial statements are an integral part of this statement.

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

	General Fund	Child Development Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 2,204,639	\$ -
Education Protection Account Funds	380,772	-
Local Sources	1,064,465	-
Federal Revenue	438,103	-
Other State Revenue	489,200	110,467
Other Local Revenue	253,553	347
Total Revenues	<u>4,830,732</u>	<u>110,814</u>
Expenditures:		
Current:		
Instruction	2,802,199	176,095
Instruction - Related Services	293,663	-
Pupil Services	468,329	15,293
Ancillary Services	13,316	-
Community Services	5,844	-
General Administration	639,434	-
Plant Services	541,482	3,735
Other Outgo	198,961	-
Capital Outlay	53,950	-
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	<u>5,017,178</u>	<u>195,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(186,446)</u>	<u>(84,309)</u>
Other Financing Sources (Uses):		
Transfers In	-	84,655
Transfers Out	(140,852)	-
Other Sources	(1)	-
Total Other Financing Sources (Uses)	<u>(140,853)</u>	<u>84,655</u>
Net Change in Fund Balance	(327,299)	346
Fund Balance, July 1	1,190,602	4,856
Fund Balance, June 30	<u>\$ 863,303</u>	<u>\$ 5,202</u>

The accompanying notes are an integral part of this statement.

Capital Outlay Projects	Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,204,639
-	-	-	380,772
-	-	-	1,064,465
-	-	301,439	739,542
-	190	23,477	623,334
27,243	589,502	5,646	876,291
<u>27,243</u>	<u>589,692</u>	<u>330,562</u>	<u>5,889,043</u>
-	-	-	2,978,294
-	-	-	293,663
-	-	354,297	837,919
-	-	-	13,316
-	-	-	5,844
-	-	105	639,539
-	-	-	545,217
-	-	-	198,961
-	-	-	53,950
-	298,324	-	298,324
-	262,551	-	262,551
<u>-</u>	<u>560,875</u>	<u>354,402</u>	<u>6,127,578</u>
<u>27,243</u>	<u>28,817</u>	<u>(23,840)</u>	<u>(238,535)</u>
-	-	56,197	140,852
-	-	-	(140,852)
-	-	-	(1)
<u>-</u>	<u>-</u>	<u>56,197</u>	<u>(1)</u>
27,243	28,817	32,357	(238,536)
1,365,353	510,977	175,818	3,247,606
<u>\$ 1,392,596</u>	<u>\$ 539,794</u>	<u>\$ 208,175</u>	<u>\$ 3,009,070</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (238,536)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Expenditures for capital outlay	49,754
Depreciation expense	(455,470)

Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

298,324

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:

Change in accrued interest payable and accreted interest	(577,100)
Compensated absences	713
Other post-employment benefits cost in excess of contributions	(17,256)

In the funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs recognized in the current period net of the costs amortized for the period was:

(17,537)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(35,269)

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

(194,479)

Change in Net Position of Governmental Activities - Statement of Activities \$ (1,186,856)

The notes to the financial statements are an integral part of this statement.

BUTTONWILLOW UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Custodial Fund	Student Body Fund
ASSETS:		
Cash on Hand and in Banks	\$ 24,989	
Total Assets	24,989	
LIABILITIES:		
Due to Student Groups	\$ 24,989	
Total Liabilities	24,989	
NET POSITION:		
Total Net Position	\$ -	

The accompanying notes are an integral part of this statement.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes three Funds maintained by the District: The General Fund (Fund 01), the Special Revenue Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve for Postemployment Benefits Fund (Fund 20). Although Fund 17 and Fund 20 are separate funds authorized in the Education Code, they do not meet the definition of Special Revenue Funds under accounting principles generally accepted in the United States of America, and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

Child Development Fund. This fund is used to account for resources committed to child development programs maintained by the District.

Special Reserve (Capital Projects) Fund. This fund is used to account for the accumulation and expenditure of funds for capital outlay purposes, as established by the Board in accordance with Education Code 42840 et seq.

Bond Interest and Redemption Fund. This fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

The District reports the following nonmajor governmental funds:

Cafeteria Fund. This fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

Building Fund. This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

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

County School Facilities Fund. This fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. The District does not consider revenues collected after its taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Kern County Treasury was not available.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. Inventories of the General Fund are immaterial and have been omitted from these statements.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Examples</u>	<u>Estimated Useful Life in Years</u>
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation AC systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20

BUTTONWILLOW UNION SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressors	10
Grounds equipment	Mowers, tractors, attachments	15

d. Receivable and Payable Balances

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

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

f. Unearned Revenue

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

5. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Revenue Fund for Other Than Capital Outlay Projects) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, when applicable.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

7. 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 CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2019
Valuation Date (VD) (PERS)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

8. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

9. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

10. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 83, Certain Asset Retirement Obligations

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB Statement No. 92, Omnibus 2020

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms derivative and derivatives in existing standards to derivative instrument and derivative instruments, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (For example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

11. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Excess of Expenditures Over Appropriations

As of June 30, 2020, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Certificated salaries	\$ 142,428
Classified Salaries	24,297
Employee Benefits	46,434
Services And Other Operating Expenditures	42,322
Other Outgo	55,574
Child Development Fund:	
Certificated Salaries	38,356
Classified Salaries	11,909
Employee Benefits	14,260
Services And Other Operating Expenditures	4,058
Bond Interest and Redemption Fund:	
Debt Service	560,875

General Fund: The District incurred unanticipated expenditures for employee salaries, benefits, services, and other expenditures.

Child Development Fund: The District incurred unanticipated expenditures for employee salaries, benefits, services, and other expenditures.

Bond Interest and Redemption Fund: The District does not budget for the bond interest and redemption fund as this fund is managed by Kern County.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool (\$2,804,954 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$2,804,954. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$0 as of June 30, 2020) and in the revolving fund (\$3,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2020 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Cash in County Treasury	Less than 12 months	\$ 2,804,954
Cash in Revolving Fund	Less than 12 months	3,000
Total Investments		<u>\$ 2,807,954</u>

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

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d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

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

	General Fund	Child Development Funds	Capital Outlay Projects Funds
Federal programs	\$ 107,225	\$ -	\$ -
State categorical aid programs	18,360	-	-
Interest	(495)	112	7,246
Other local receivables	351,611	-	-
Total	<u>\$ 476,701</u>	<u>\$ 112</u>	<u>\$ 7,246</u>
	Bond Interest and Redemption Funds	All Other Government Funds	Total Governmental Funds
Federal programs	\$ -	\$ 93,771	\$ 200,996
State categorical aid programs	-	-	18,360
Interest	336	718	7,917
Other local receivables	-	-	351,611
Total	<u>\$ 336</u>	<u>\$ 94,489</u>	<u>\$ 578,884</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2020

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 71,823	\$ -	\$ -	\$ 71,823
Work in progress	-	-	-	-
Total capital assets not being depreciated	71,823	-	-	71,823
Capital assets being depreciated:				
Buildings	10,674,645	-	-	10,674,645
Improvements	173,640	8,285	-	181,925
Equipment	776,080	41,469	16,051	801,498
Total capital assets being depreciated	11,624,365	49,754	16,051	11,658,068
Less accumulated depreciation for:				
Buildings	(7,111,637)	(382,526)	-	(7,494,163)
Improvements	(97,360)	(6,420)	-	(103,780)
Equipment	(534,675)	(66,524)	(16,051)	(585,148)
Total accumulated depreciation	(7,743,672)	(455,470)	(16,051)	(8,183,091)
Total capital assets being depreciated, net	3,880,693	(405,716)	-	3,474,977
Governmental activities capital assets, net	\$ 3,952,516	\$ (405,716)	\$ -	\$ 3,546,800

Depreciation was charged to functions as follows:

Instruction	\$ 42,424
Instruction-Related Services	1,516
Pupil Services	20,510
General Administration	3,841
Plant Services	387,179
	<u>\$ 455,470</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2020, consisted of the following:

Fund	Due From	Due To
General Fund	\$ 68,156	\$ 56,683
Child Development Fund	56,486	68,156
Cafeteria Special Revenue Fund	197	-
Total	<u>\$ 124,839</u>	<u>\$ 124,839</u>

All amounts due relate to short-term borrowing and are scheduled to be repaid within one year.

BUTTONWILLOW UNION SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2020

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2020, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Child Development Fund	General Fund	\$ 84,655	To support child development sale and benefits
Cafeteria Fund	General Fund	56,197	To support food service salaries and benefits
	Total	<u>\$ 140,852</u>	

G. Accounts Payable

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

	General Fund	Child Development Funds	All Other Government Funds	Total Governmental Funds
Vendor payables	\$ 16,562	\$ -	\$ 34,943	\$ 51,505
Salaries and benefits	167,658	3,136	6,940	177,734
Other	7,166	8	13	7,187
Total	<u>\$ 191,386</u>	<u>\$ 3,144</u>	<u>\$ 41,896</u>	<u>\$ 236,426</u>

H. Unearned Revenue

Unearned revenue at June 30, 2020 consisted of the following:

Education Technology K-12 Voucher Program & Government Entities Settlement (Microsoft)	\$ 3,610
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I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	\$ 3,619,320	\$ -	\$ 298,324	\$ 3,320,996	\$ 309,988
Accreted Interest	1,964,173	198,682	156,676	2,006,179	175,012
Other post-employment benefits payable	1,334,916	-	731,191	603,725	-
Net pension liability	4,306,000	224,956	-	4,530,956	-
Compensated absences	31,950	-	713	31,237	-
Total governmental activities	<u>\$ 11,256,359</u>	<u>\$ 423,638</u>	<u>\$ 1,186,904</u>	<u>\$ 10,493,093</u>	<u>\$ 485,000</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and Redemption
Accreted Interest	Governmental	Bond Interest and Redemption
Other post-employment benefits payable	Governmental	General
Net pension liability	Governmental	General
Compensated absences	Governmental	General

2. General Obligation Bonds and Accreted Interest

The outstanding general obligation bond debt of the District at June 30, 2020, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
2002, Series 2003A	4/1/03	11/1/27	2.00-5.50%
2002, Series 2004A	11/1/06	11/1/29	2.81-5.59%

Bond	Original Issue	Bonds Outstanding July 1, 2019	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2020
2002, Series 2003A	4,000,000	2,015,000	-	180,000	1,835,000
2002, Series 2004A	2,499,967	1,604,320	-	118,324	1,485,996
	<u>\$ 6,499,967</u>	<u>\$ 3,619,320</u>	<u>\$ -</u>	<u>\$ 298,324</u>	<u>\$ 3,320,996</u>

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2020 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 309,988	\$ 270,713	\$ 580,701
2022	324,963	285,014	609,977
2023	337,215	296,487	633,702
2024	350,568	311,308	661,876
2025	368,172	326,191	694,363
2026-2030	1,630,090	2,375,900	4,005,990
Totals	<u>\$ 3,320,996</u>	<u>\$ 3,865,613</u>	<u>\$ 7,186,609</u>

Year Ending June 30,	Accreted Interest
2021	\$ 159,591
2022	166,864
2023	170,474
2024	175,452
2025	179,467
2026-2030	1,154,331
Totals	<u>\$ 2,006,179</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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J. Compensated Absences

Compensated absences at June 30, 2020 consisted of:

	Compensated Absences	Benefits	Totals
Certificated	\$ 24,368	\$ 6,869	\$ 31,237

All amounts are due after one year.

K. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

*Amounts are limited to 120% of Social Security Wage Base.

**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

BUTTONWILLOW UNION SCHOOL DISTRICT
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	CalPERS	
	Before	On or After
Hire Date	<u>Jan. 1, 2013</u>	<u>Jan. 1, 2013</u>
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%
Required Employee Contribution Rates (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2020 (measurement date June 30), 2019, Section 22950 of the California Education code requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 17.10% of creditable compensation for the fiscal year ended June 30, 2020. Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the employee contribution rate was 7.00% and employer contribution rate was 19.721% of covered payroll.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2018	8.292%	144,976	144,382
2019	14.798%	277,754	275,545
2020	10.328%	194,215	61,393

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	6.603%	43,663	-

The Contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS as a one time payment in order to reduce employer contribution rates in 2019-20 and 2020-21. As a result, On behalf contributions for the year end June 30, 2019 are not comparable to the remaining years presented.

d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 321,560	\$ 137,247	\$ 458,807
Contributions - State On Behalf Payments	194,215	-	194,215
Total Contributions	<u>\$ 515,775</u>	<u>\$ 137,247</u>	<u>\$ 653,022</u>

Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 305,571	\$ 119,441	\$ 425,012
Contributions - State On Behalf Payments	194,215	-	194,215
Total Contributions	<u>\$ 499,786</u>	<u>\$ 119,441</u>	<u>\$ 619,227</u>

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020 (measured June 30, 2019), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 3,153,890
CalPERS	1,377,066
Total Net Pension Liability	<u>\$ 4,530,956</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
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The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2019 and June 30, 2020 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	
Proportion June 30, 2019	0.0033%	0.0019%	0.0052%	0.0048%
Proportion June 30, 2020	0.0035%	0.0019%	0.0054%	0.0047%
Change in Proportion	0.0002%	0.0000%	0.0002%	-0.0000%

*Represents State's Proportionate Share on Behalf of District employees

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 128,313	\$ 104,167	\$ 232,480
State On Behalf Pension Expense	61,393	-	61,393
Employer Contributions to Pension Expense	321,560	137,247	458,807
(Increase)/Decrease in Deferred Outflows of Resources	(30,490)	(25,722)	(56,212)
Increase/(Decrease) in Deferred Inflows of Resources	15,283	10,452	25,735
Total Pension Expense	\$ 496,059	\$ 226,144	\$ 722,203

b. Deferred Outflows and Inflows of Resources

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources			
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 321,560	\$ 137,247	\$ 458,807
Differences between actual and expected experience	-	52,874	52,874
Changes in assumptions	-	-	-
Change in employer's proportionate share	147,051	-	147,051
Net difference between projected and actual earnings	28,942	-	28,942
Total Deferred Outflows of Resources	\$ 497,553	\$ 190,121	\$ 687,674

Deferred Inflows of Resources			
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (55,283)	\$ -	\$ (55,283)
Changes in assumptions	-	-	-
Change in employer's proportionate share	(120,000)	(10,452)	(130,452)
Net difference between projected and actual earnings	-	-	-
Total Deferred Inflows of Resources	\$ (175,283)	\$ (10,452)	\$ (185,735)

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2021. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2021	\$ 358,323	\$ 154,086	\$ (51,057)	\$ (2,613)	\$ 458,739
2022	36,763	16,839	(51,057)	(2,613)	(68)
2023	36,763	16,839	(51,057)	(2,613)	(68)
2024	36,762	16,837	(11,057)	(2,613)	39,929
2025	-	-	(11,057)	-	(11,057)
Thereafter	-	-	2	-	2
Total	\$ 468,611	\$ 204,600	\$ (175,283)	\$ (10,452)	\$ 487,476

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

(3) Wage growth is a component of inflation for CalPERS assumptions.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% CALSTRS AND 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan,

BUTTONWILLOW UNION SCHOOL DISTRICT
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CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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CalSTRS		
Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

*20 year average

CalPERS			
Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

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

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 4,696,403	\$ 1,984,950
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 3,153,890	\$ 1,377,066
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 1,874,853	\$ 872,784

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2019 (Previously Reported)	\$ 16,463,298	\$ 11,686,783	\$ 4,776,515	\$ 1,750,937	\$ 3,025,578
Changes for the year:					
CalSTRS Auditor Adjustment	-	(98)	98	35	63
Change in Prop share	636,723	451,990	184,733	919	183,814
Service Cost	380,829	-	380,829	134,468	246,361
Interest	1,212,283	-	1,212,283	428,049	784,234
Differences between expected and actual experience	(99,701)	-	(99,701)	(35,204)	(64,497)
Change in benefits	1,727	-	1,727	610	1,117
Contributions:					
Employer	-	304,689	(304,689)	(107,584)	(197,105)
Employee	-	196,919	(196,919)	(69,531)	(127,388)
State On Behalf Payments	-	287,976	(287,976)	(101,682)	(186,293)
Net Investment Income	-	804,185	(804,185)	(283,953)	(520,232)
Other Income	-	6,888	(6,888)	(2,432)	(4,456)
Benefit Payments, including refunds of employee contributions	(825,677)	(825,677)	-	-	-
Administrative expenses	-	(13,708)	13,708	4,840	8,868
Borrowing Costs	-	(5,684)	5,684	2,007	3,677
Other Expenses	-	(231)	231	81	150
Net Changes	1,306,184	1,207,248	98,936	(29,377)	128,313
Balance at June 30, 2020	\$ 17,769,482	\$ 12,894,031	\$ 4,875,451	\$ 1,721,560	\$ 3,153,891

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019 (Previously Reported)	\$ 4,366,266	\$ 3,093,368	\$ 1,272,898
Changes for the year:			
Change in Proportionate Share	(44,815)	(31,750)	(13,065)
Service Cost	105,216	-	105,216
Interest	310,127	-	310,127
Differences between expected and actual experience	66,093	-	66,093
Change in Assumptions	-	-	-
Contributions:			
Employer	-	119,435	(119,435)
Employee	-	47,915	(47,915)
Net Investment Income	-	199,014	(199,014)
Plan to Plan Resource Movement	-	14	(14)
Benefit Payments, including refunds of employee contributions	(205,416)	(205,416)	-
Administrative expenses	-	(2,181)	2,181
Other expenses	-	7	(7)
Net Changes	231,205	127,038	104,167
Balance at June 30, 2020	\$ 4,597,471	\$ 3,220,406	\$ 1,377,065

L. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The District provides health insurance only. All coverages are self-insured on a pooled basis through the Retired Health Plan. There are approximately 2 retirees currently receiving benefits, as well as approximately 31 active employees who may become eligible to retire and receive benefits in the future as of June 30, 2020. The District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan.

Employees Covered by Benefit Terms

At June 30, 2020, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	31
Total number of participants	33

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

2. Total OPEB Liability

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Actuarial Assumptions and Other Inputs

The total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary Increases	3.00% per year
Discount Rate	2.20% per year
Healthcare Cost Trend Rates	6.00%
Retiree's Share of Costs	0.00% of projected health insurance premiums

The discount rate was based on the Bond Buyer 20 Bond Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 1,334,916
Changes for the year:	
Service cost	48,391
Interest	36,566
Benefit payments	(41,940)
Assumption changes	(818,270)
Other adjustments	44,062
Net changes	(731,191)
Balance at June 30, 2020	\$ 603,725

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2020.

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 1-percentage-point lower or 1-percentage-point-higher than the current discount rate:

	1% Decrease 1.20%	Discount Rate 2.20%	1% Increase 3.20%
Total OPEB Liability	\$ 669,129	\$ 603,725	\$ 544,261

BUTTONWILLOW UNION SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 1-percentage-point-lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 5.00%	Healthcare Cost Trend 6.00%	1% Increase 7.00%
Total OPEB Liability	\$ 515,421	\$ 603,725	\$ 712,620

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$17,256.

At June 30, 2020 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Assumption changes	\$ 743,882	\$ -
Contributions made subsequent to measurement date	-	12,007
	<u>\$ 743,882</u>	<u>\$ 12,007</u>

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

Year ending June 30,	Deferred Inflows of Resources	Deferred Outflows of Resources
2021	\$ 74,388	\$ 12,007
2022	74,388	-
2023	74,388	-
2024	74,388	-
2025	74,388	-
Thereafter	371,942	-
Total	<u>\$ 743,882</u>	<u>\$ 12,007</u>

M. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

BUTTONWILLOW UNION SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

2. Pending Assessment for Disputed Tax Revenues

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action.

The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2020 as follows:

Pending appeals for taxes	\$	8,970
Pending appeals for interest		219
Total		<u>9,189</u>
Less amount held by Kern County Auditor-Controller		(187,776)
Net contingent liability	\$	<u><u>(178,587)</u></u>

N. Restricted Fund Balances

Restricted fund balances at June 30, 2020 are as follows:

Lottery: Instructional Materials	\$	122,444
Employee Professional Development Block Grant		3,455
Low-Performing Students Block Grant		13,986
Cafeteria Fund		103,310
Building Fund		1,181
Capital Facilities Fund		102,918
County Schools Facilities Fund		766
Bond Interest and Debt Service Fund		<u>539,794</u>
Totals	\$	<u><u>887,854</u></u>

O. Joint Ventures (Joint Powers Agreements)

The District participates in five joint ventures under joint powers agreements (JPAs) as follows:

Partners in Nutrition Cooperative (PINCO)
(commodities and other food items)

Schools Legal Services
(legal services)

Self-Insured Schools of California I (SISC I)
(workers' compensation insurance)

Self-Insured Schools of California II (SISC II)
(property and liability insurance)

Self-Insured Schools of California III (SISC III)
(health insurance)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

BUTTONWILLOW UNION SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2020 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

PINCO	C/O Antelope Valley Union High School District 44811 N. Sierra Highway Lancaster, CA 93534-3226
Schools Legal Services	Kern County Superintendent of Schools 1300 17th St., No. 7 Bakersfield, CA 93301
SISC I, II and III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847 Bakersfield, CA 93303-1847

P. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

BUTTONWILLOW UNION SCHOOL DISTRICT**EXHIBIT B-1**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2020

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 2,433,133	\$ 2,073,090	\$ 2,204,639	\$ 131,549
Education Protection Account Funds	431,797	488,356	380,772	(107,584)
Local Sources	770,812	1,078,168	1,064,465	(13,703)
Federal Revenue	339,183	445,317	438,103	(7,214)
Other State Revenue	361,048	358,883	489,200	130,317
Other Local Revenue	297,412	307,412	253,553	(53,859)
Total Revenues	<u>4,633,385</u>	<u>4,751,226</u>	<u>4,830,732</u>	<u>79,506</u>
Expenditures:				
Current:				
Certificated Salaries	1,715,715	1,791,057	1,933,485	(142,428)
Classified Salaries	655,783	623,599	647,896	(24,297)
Employee Benefits	1,215,055	1,236,093	1,282,527	(46,434)
Books And Supplies	523,231	459,782	259,437	200,345
Services And Other Operating Expenditures	634,205	598,600	640,922	(42,322)
Other Outgo	143,387	143,387	198,961	(55,574)
Direct Support/Indirect Costs	(5,233)	(5,233)	-	(5,233)
Capital Outlay	73,801	55,000	53,950	1,050
Total Expenditures	<u>4,955,944</u>	<u>4,902,285</u>	<u>5,017,178</u>	<u>(114,893)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(322,559)</u>	<u>(151,059)</u>	<u>(186,446)</u>	<u>(35,387)</u>
Other Financing Sources (Uses):				
Transfers Out	-	-	(140,852)	(140,852)
Other Sources	-	-	(1)	(1)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(140,853)</u>	<u>(140,853)</u>
Net Change in Fund Balance	(322,559)	(151,059)	(327,299)	(176,240)
Fund Balance, July 1	1,190,602	1,190,602	1,190,602	-
Fund Balance, June 30	<u>\$ 868,043</u>	<u>\$ 1,039,543</u>	<u>\$ 863,303</u>	<u>\$ (176,240)</u>

BUTTONWILLOW UNION SCHOOL DISTRICT**EXHIBIT B-2**

CHILD DEVELOPMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2020

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Other State Revenue	\$ 145,850	\$ 145,850	\$ 110,467	\$ (35,383)
Other Local Revenue	-	-	347	347
Total Revenues	<u>145,850</u>	<u>145,850</u>	<u>110,814</u>	<u>(35,036)</u>
Expenditures:				
Current:				
Certificated Salaries	39,227	39,227	77,583	(38,356)
Classified Salaries	25,233	25,233	37,142	(11,909)
Employee Benefits	38,137	38,137	52,397	(14,260)
Books And Supplies	27,777	27,777	13,700	14,077
Services And Other Operating Expenditures	10,243	10,243	14,301	(4,058)
Total Expenditures	<u>140,994</u>	<u>140,994</u>	<u>195,123</u>	<u>(54,129)</u>
DOES NOT FOOT BY THIS AMOUNT--->	(377)	(377)	-	(377)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,856</u>	<u>4,856</u>	<u>(84,309)</u>	<u>(89,165)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	84,655	84,655
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>84,655</u>	<u>84,655</u>
Net Change in Fund Balance	4,856	4,856	346	(4,510)
Fund Balance, July 1	-	-	4,856	4,856
Fund Balance, June 30	<u>\$ 4,856</u>	<u>\$ 4,856</u>	<u>\$ 5,202</u>	<u>\$ 346</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.004%	0.003%	0.003%	0.003%	0.003%	0.003%	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 3,153,891	\$ 1,898,799	\$ 1,933,609	\$ 2,226,735	\$ 922,520	\$ 541,500	- \$	- \$	- \$	-
State's proportionate share of the net pension liability (asset) associated with the District	1,721,560	1,120,201	1,067,391	552,265	835,480	942,500	-	-	-	-
Total	<u>\$ 4,875,451</u>	<u>\$ 3,019,000</u>	<u>\$ 3,001,000</u>	<u>\$ 2,779,000</u>	<u>\$ 1,758,000</u>	<u>\$ 1,484,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,011,068	\$ 1,976,907	\$ 1,930,121	\$ 1,815,755	\$ 1,798,278	\$ 1,493,492	- \$	- \$	- \$	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	156.83%	96.05%	100.18%	122.63%	51.30%	36.26%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	72.56%	71.00%	69.50%	69.00%	70.00%	77.00%	-	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

BUTTONWILLOW UNION SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 321,560	\$ 745,608	\$ 405,934	\$ 335,388	\$ 186,302	\$ 182,257	\$ -	\$ -	\$ -	-
Contributions in relation to the contractually required contribution	(321,560)	(745,608)	(405,934)	(335,388)	(186,302)	(182,257)	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,011,068	\$ 1,976,907	\$ 1,930,121	\$ 1,815,755	\$ 1,798,278	\$ 1,493,492	\$ -	\$ -	\$ -	-
Contributions as a percentage of covered-employee payroll	15.99%	37.72%	21.03%	18.47%	10.36%	12.20%	-	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

BUTTONWILLOW UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.005%	0.005%	0.005%	0.050%	0.050%	0.040%	-	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 1,377,065	\$ 1,287,000	\$ 1,102,000	\$ 891,000	\$ 603,000	\$ 447,000	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 738,397	\$ 704,373	\$ 706,433	\$ 625,803	\$ 591,579	\$ 546,801	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.49%	182.72%	155.99%	142.38%	101.93%	81.75%	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.99%	71.87%	73.90%	79.40%	83.38%	-	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

BUTTONWILLOW UNION SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 137,247	\$ 208,062	\$ 99,840	\$ 81,725	\$ 63,493	\$ 60,258	\$ -	\$ -	\$ -	-
Contributions in relation to the contractually required contribution	(137,247)	(208,062)	(99,840)	(81,725)	(63,493)	(60,258)	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
District's covered-employee payroll	\$ 738,397	\$ 704,373	\$ 706,433	\$ 625,803	\$ 591,579	\$ 546,801	\$ -	\$ -	\$ -	-
Contributions as a percentage of covered-employee payroll	18.59%	29.54%	14.13%	13.06%	10.73%	11.02%	-	-	-	-

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

BUTTONWILLOW UNION SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 48,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Interest	36,566	-	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes of assumptions or other inputs	(818,270)	562,773	-	221,917	-	-	-	-	-	-
Benefit payments	(41,940)	-	-	-	-	-	-	-	-	-
Other adjustments	44,062	-	-	-	-	-	-	-	-	-
Net change in total OPEB liability	(731,191)	562,773	-	221,917	-	-	-	-	-	-
Total OPEB liability - beginning	1,334,916	772,143	772,143	550,226	-	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 603,725</u>	<u>\$ 1,334,916</u>	<u>\$ 772,143</u>	<u>\$ 772,143</u>	<u>\$ 550,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ 2,681,281	\$ 2,636,554	\$ 2,441,558	\$ 2,177,113	\$ -	\$ -	\$ -	\$ -	-
Total OPEB liability as a percentage of covered-employee payroll	-	49.79%	29.29%	31.63%	25.27%	-	-	-	-	-

Notes to Schedule:

There were no changes of benefit terms in 2020.

There were no changes of assumptions in 2020. The following are the discount rates used in each period.

2020	2.20%
2019	3.62%
2018	NA
2017	NA
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA
2011	NA

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

BUTTONWILLOW UNION SCHOOL DISTRICT**EXHIBIT C-1**

COMBINING BALANCE SHEET

ALL GENERAL FUNDS

JUNE 30, 2020

	General Fund	Special Reserve General Fund	Post-Employment Benefits Fund	Totals June 30, 2020
ASSETS:				
Cash in County Treasury	\$ 659,726	\$ 4,021	\$ 32,794	\$ 696,541
Cash in Revolving Fund	3,000	-	-	3,000
Accounts Receivable	113,962	21	172	114,155
Due from Grantor Governments	362,546	-	-	362,546
Due from Other Funds	68,156	-	-	68,156
Total Assets	<u>1,207,390</u>	<u>4,042</u>	<u>32,966</u>	<u>1,244,398</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 191,386	\$ -	\$ -	\$ 191,386
Due to Grantor Governments	129,416	-	-	129,416
Due to Other Funds	56,683	-	-	56,683
Unearned Revenue	3,610	-	-	3,610
Total Liabilities	<u>381,095</u>	<u>-</u>	<u>-</u>	<u>381,095</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	3,000	-	-	3,000
Restricted Fund Balances	139,885	-	-	139,885
Assigned Fund Balances	192,942	4,042	32,966	229,950
Unassigned:				
Other Unassigned	490,468	-	-	490,468
Total Fund Balance	<u>826,295</u>	<u>4,042</u>	<u>32,966</u>	<u>863,303</u>
Total Liabilities and Fund Balances	<u>\$ 1,207,390</u>	<u>\$ 4,042</u>	<u>\$ 32,966</u>	<u>\$ 1,244,398</u>

BUTTONWILLOW UNION SCHOOL DISTRICT**EXHIBIT C-2**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL GENERAL FUNDS
 YEAR ENDED JUNE 30, 2020

	General Fund	Special Reserve General Fund	Post-Employment Benefits Fund	Totals June 30, 2020
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 2,204,639	\$ -	\$ -	\$ 2,204,639
Education Protection Account Funds	380,772	-	-	380,772
Local Sources	1,064,465	-	-	1,064,465
Federal Revenue	438,103	-	-	438,103
Other State Revenue	489,200	-	-	489,200
Other Local Revenue	252,828	79	646	253,553
Total Revenues	<u>4,830,007</u>	<u>79</u>	<u>646</u>	<u>4,830,732</u>
Expenditures:				
Current:				
Instruction	2,802,199	-	-	2,802,199
Instruction - Related Services	293,663	-	-	293,663
Pupil Services	468,329	-	-	468,329
Ancillary Services	13,316	-	-	13,316
Community Services	5,844	-	-	5,844
General Administration	639,434	-	-	639,434
Plant Services	541,482	-	-	541,482
Other Outgo	198,961	-	-	198,961
Capital Outlay	53,950	-	-	53,950
Total Expenditures	<u>5,017,178</u>	<u>-</u>	<u>-</u>	<u>5,017,178</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(187,171)</u>	<u>79</u>	<u>646</u>	<u>(186,446)</u>
Other Financing Sources (Uses):				
Transfers Out	(140,852)	-	-	(140,852)
Other Sources	(1)	-	-	(1)
Total Other Financing Sources (Uses)	<u>(140,853)</u>	<u>-</u>	<u>-</u>	<u>(140,853)</u>
Net Change in Fund Balance	(328,024)	79	646	(327,299)
Fund Balance, July 1	1,154,319	3,963	32,320	1,190,602
Fund Balance, June 30	<u>\$ 826,295</u>	<u>\$ 4,042</u>	<u>\$ 32,966</u>	<u>\$ 863,303</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

	Special Revenue Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
	Cafeteria Fund		
ASSETS:			
Cash in County Treasury	\$ 51,064	\$ 104,321	\$ 155,385
Accounts Receivable	93,945	544	94,489
Due from Other Funds	197	-	197
Total Assets	<u>145,206</u>	<u>104,865</u>	<u>250,071</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 41,896	\$ -	\$ 41,896
Total Liabilities	<u>41,896</u>	<u>-</u>	<u>41,896</u>
Fund Balance:			
Restricted Fund Balances	103,310	104,865	208,175
Total Fund Balance	<u>103,310</u>	<u>104,865</u>	<u>208,175</u>
Total Liabilities and Fund Balances	<u>\$ 145,206</u>	<u>\$ 104,865</u>	<u>\$ 250,071</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Fund		Total Nonmajor Governmental Funds (See Exhibit A-5)
	Cafeteria Fund	Capital Projects Funds	
Revenues:			
Federal Revenue	\$ 301,439	\$ -	\$ 301,439
Other State Revenue	23,477	-	23,477
Other Local Revenue	744	4,902	5,646
Total Revenues	<u>325,660</u>	<u>4,902</u>	<u>330,562</u>
Expenditures:			
Current:			
Pupil Services	354,297	-	354,297
General Administration	-	105	105
Total Expenditures	<u>354,297</u>	<u>105</u>	<u>354,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,637)</u>	<u>4,797</u>	<u>(23,840)</u>
Other Financing Sources (Uses):			
Transfers In	56,197	-	56,197
Total Other Financing Sources (Uses)	<u>56,197</u>	<u>-</u>	<u>56,197</u>
Net Change in Fund Balance	27,560	4,797	32,357
Fund Balance, July 1	75,750	100,068	175,818
Fund Balance, June 30	<u>\$ 103,310</u>	<u>\$ 104,865</u>	<u>\$ 208,175</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
ASSETS:				
Cash in County Treasury	\$ 1,175	\$ 102,384	\$ 762	\$ 104,321
Accounts Receivable	6	534	4	544
Total Assets	<u>1,181</u>	<u>102,918</u>	<u>766</u>	<u>104,865</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Restricted Fund Balances	\$ 1,181	\$ 102,918	\$ 766	\$ 104,865
Total Fund Balance	<u>1,181</u>	<u>102,918</u>	<u>766</u>	<u>104,865</u>
Total Liabilities and Fund Balances	<u>\$ 1,181</u>	<u>\$ 102,918</u>	<u>\$ 766</u>	<u>\$ 104,865</u>

BUTTONWILLOW UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
Revenues:				
Other Local Revenue	\$ 23	\$ 4,864	\$ 15	\$ 4,902
Total Revenues	<u>23</u>	<u>4,864</u>	<u>15</u>	<u>4,902</u>
Expenditures:				
Current:				
General Administration	-	105	-	105
Total Expenditures	<u>-</u>	<u>105</u>	<u>-</u>	<u>105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23</u>	<u>4,759</u>	<u>15</u>	<u>4,797</u>
Net Change in Fund Balance	23	4,759	15	4,797
Fund Balance, July 1	1,158	98,159	751	100,068
Fund Balance, June 30	<u>\$ 1,181</u>	<u>\$ 102,918</u>	<u>\$ 766</u>	<u>\$ 104,865</u>

BUTTONWILLOW UNION SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT C-7

	1	2	3
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 15,000	\$ 27,243	\$ 12,243
Total Revenues	<u>15,000</u>	<u>27,243</u>	<u>12,243</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,000</u>	<u>27,243</u>	<u>12,243</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	15,000	27,243	12,243
Fund Balance, July 1	1,365,353	1,365,353	-
Fund Balance, June 30	<u>\$ 1,380,353</u>	<u>\$ 1,392,596</u>	<u>\$ 12,243</u>

BUTTONWILLOW UNION SCHOOL DISTRICT**EXHIBIT C-8**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>ELEMENTARY STUDENT ACTIVITIES</u>				
ASSETS				
Cash and investments	\$ 28,489	\$ 10,520	\$ 14,020	\$ 24,989
Total Assets	<u>\$ 28,489</u>	<u>\$ 10,520</u>	<u>\$ 14,020</u>	<u>\$ 24,989</u>
LIABILITIES				
Due to student groups	\$ 28,489	\$ 10,520	\$ 14,020	\$ 24,989
Total Liabilities	<u>\$ 28,489</u>	<u>\$ 10,520</u>	<u>\$ 14,020</u>	<u>\$ 24,989</u>

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Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

BUTTONWILLOW UNION SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2020

The District is located in Kern County and was established in 1921. The District is comprised of a single campus of grades Kindergarten through eighth. There were no changes in the boundaries of the District during the year ended June, 30 2020.

Governing Board

Name	Office	Term Expiration
Regina Houchin	President	2022
Richard Garcia	Clerk	2022
Marie Parsons	Member	2022
Megan Lucas	Member	2020
Marie DeLa Rosa	Member	2020

Administration

J. Stuart Packard
Superintendent

Heidi Witcher
Principal

BUTTONWILLOW UNION ELEMENTARY

SCHEDULE OF AVERAGE DAILY ATTENDANCE

YEAR ENDED JUNE 30, 2020

	Second Period Report	Annual Report
TK/K-3:		
Regular ADA	120.35	120.35
TK/K-3 Totals	120.35	120.35
Grades 4-6:		
Regular ADA	102.31	102.31
Grades 4-6 Totals	102.31	102.31
Grades 7 and 8:		
Regular ADA	83.00	83.00
Grades 7 and 8 Totals	83.00	83.00
ADA Totals	305.66	305.66

There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

BUTTONWILLOW UNION SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
 YEAR ENDED JUNE 30, 2020

TABLE D-2

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>Ed. Code 46207 Adjusted & Reduced</u>	<u>2019-2020 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Transitional Kindergarten	36,000	N/A	64,290	180	N/A	Complied
Kindergarten	36,000	N/A	64,290	180	N/A	Complied
Grade 1	50,400	N/A	64,290	180	N/A	Complied
Grade 2	50,400	N/A	64,290	180	N/A	Complied
Grade 3	50,400	N/A	64,290	180	N/A	Complied
Grade 4	54,000	N/A	64,290	180	N/A	Complied
Grade 5	54,000	N/A	64,290	180	N/A	Complied
Grade 6	54,000	N/A	64,290	180	N/A	Complied
Grade 7	54,000	N/A	64,290	180	N/A	Complied
Grade 8	54,000	N/A	64,290	180	N/A	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

BUTTONWILLOW UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

YEAR ENDED JUNE 30, 2020

TABLE D-3

General Fund	Budget 2021 (see note 1)	2020	2019	2018
Revenues and other financial sources	\$ 4,417,182	\$ 4,830,731	\$ 5,008,468	\$ 4,722,931
Expenditures	4,960,386	5,017,178	4,806,154	4,499,624
Other uses and transfers out	58,881	140,852	3,831	7,448
Total outgo	5,019,267	5,158,030	4,809,985	4,507,072
Change in fund balance (deficit)	(602,085)	(327,299)	198,483	215,859
Ending fund balance	\$ 266,074	\$ 868,159	\$ 1,195,458	\$ 996,975
Available reserves (see note 2)	\$ 121,316	\$ 490,468	\$ 1,195,458	\$ 217,882
Available reserves as a percentage of total outgo	3.0%	9.5%	4.8%	4.8%
Total long-term debt	\$ 10,202,716	\$ 10,493,093	\$ 10,737,856	\$ 10,185,313
Average daily attendance at P-2	306	306	313	343

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

The fund balance of the General Fund has decreased by \$128,816 (12.9%) over the past two years. The fiscal year 2020-2021 budget projects a decrease of \$602,085 (69.4%). For a district of this size, the State recommends available reserves of at least 4% of total General Fund expenditures, transfers out and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years, and projects a deficit during the 2020-2021 fiscal year. Total long-term debt has decreased by \$177,220 over the past two years.

Average daily attendance has decreased by 37 over the past two years. During fiscal year 2020-2021, no change in average daily attendance is anticipated.

NOTES:

- 1 The budget for 2021 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

BUTTONWILLOW UNION SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

TABLE D-4

	Cafeteria Fund
June 30, 2020, annual financial and budget report fund balances	\$ 9,539
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts receivable understatement	93,771
Adjustment to restricted fund balance	-
Net adjustments and reclassifications	93,771
June 30, 2020, audited financial statement fund balances	\$ 103,310

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

No charter schools are chartered by Buttonwillow Union School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

Subrecipients
The District did not provide any awards to subrecipients.

De Minimis Cost Rate
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

Other Independent Auditor's Reports

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Buttonwillow Union School District
Buttonwillow, California 93206

Members of the Board of Trustees:

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 Buttonwillow Union School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Buttonwillow Union School District's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Buttonwillow Union 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 the Buttonwillow Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buttonwillow Union 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2020-001, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Buttonwillow Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Buttonwillow Union School District's Response to Findings

Buttonwillow Union School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Buttonwillow Union School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
March 29, 2021

Linger, Peterson & Shrum
Certified Public Accountants
575 East Locust Ave., Suite 308
Fresno, California 93720-2928

Independent Auditor's Report on State Compliance

Board of Trustees

Buttonwillow, California 93206

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2020.

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and 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 direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

**LOCAL EDUCATION AGENCIES
OTHER THAN CHARTER SCHOOLS:**

Attendance Accounting:

Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A

**SCHOOL DISTRICTS, COUNTY OFFICES OF
EDUCATION, AND CHARTER SCHOOLS:**

California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
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	N/A

CHARTER SCHOOLS:

Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Basis for Qualified Opinion on State Compliance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the following:

<u>Finding No.</u>	<u>Compliance Requirement</u>
2020-002	Transportation Maintenance of Effort

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on State Compliance for Transportation Maintenance of Effort

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on State Compliance paragraph, the Buttonwillow Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements identified in the Auditor's Responsibility section above for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Buttonwillow Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above, for each of its other State Programs identified in the Auditor's Responsibility section for the year ended June 30, 2020.

Buttonwillow Union School District's Response to Findings

Buttonwillow Union School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Buttonwillow Union School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
March 29, 2021

Findings and Recommendations Section

BUTTONWILLOW UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes N/A No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes N/A None Reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes N/A No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

The District had less than \$750,000 in federal expenditures for the year ended June 30, 2020.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? N/A Yes No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? X Yes No

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

BUTTONWILLOW UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

B. Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

2020-001 Internal Control [30000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

A strong internal control structure is necessary to provide management with reasonable, but not absolute, assurance that financial data are recorded, processed, summarized, and reported consistent with the assertions embodied in the financial statements.

Condition

The District was not able to provide supporting documents for an expenditure made from the Student Body Fund.

Questioned Costs

The check, which did not have proper documentation, was issued for \$205.

Perspective

A total of five expenditures were selected for testing of which one check issued for \$205 did not have proper documentation to support the expenditure, such as a receipt or invoice. There were no other expenditures in our sample that did not contain supporting documents.

Effect

An expenditure from the Student Body Fund did not have supporting documents of the purchase, such as a receipt or invoice.

Cause

This was an oversight by the District. The purchase order was misplaced after it had been approved by the appropriate members.

Recommendation

A clear paper trail should be available to document each expenditure made from the Student Body Fund. District employees are responsible for approving and retaining all supporting documents.

Views of Responsible Officials and Planned Corrective Actions

The internal controls on expenditures have been reviewed with the relevant District employees, and the importance of these controls have been discussed appropriately.

BUTTONWILLOW UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

C. Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no Federal award findings or questioned costs.

D. State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

2020-002 Transportation Maintenance of Effort [40000]

Federal Program Information

This finding does not relate to any Federal Programs.

Criteria or Specific Requirement

If the District had any transportation expenditures as specified in Education Code Section 2575(k) or 42238.03(a)(6)(b) in the 2012-13 fiscal year, they must identify how much revenue they received and how much they expended. Then for 2019-20, they must confirm that the District expended at least the lesser of those two amounts..

Condition

For the 2012-13 fiscal year, the District received state revenue for transportation in the amount of \$208,400, and the total expenditures were \$436,926. For the 2019-20 fiscal year, the District had transportation expenditures totaling \$173,370. Therefore, the District spent less on transportation in the 2019-20 fiscal year, than they received in the 2012-13 year.

Questioned Costs

The District's transportation expenditures during the year fell short by a total of \$35,030.

Effect

The maintenance of effort was not reached because the school shifted to distance learning from March through June 2020. This shift cut transportation costs for the distance learning period.

Cause

The District spent less on transportation costs in 2019-2020 than was required because COVID-19 forced the District to shift to distance learning.

Recommendation

The District is normally in compliance with this requirement; however, 2019-20 was unusual because of distance learning in response to COVID-19. This caused the district to have less than usual transportation expenditures.

BUTTONWILLOW UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

District's Response

The District management understands the importance of maintaining a proper level of effort for transportation expenditures, and will comply with this requirement.

BUTTONWILLOW UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year findings or questioned costs.		