

**BUTTONWILLOW UNION SCHOOL DISTRICT  
COUNTY OF KERN  
BUTTONWILLOW, CALIFORNIA  
AUDIT REPORT  
JUNE 30, 2021**

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

Buttonwillow Union School District  
Audit Report  
For The Year Ended June 30, 2021

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## Financial Section

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the Buttonwillow Union School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Buttonwillow Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Buttonwillow Union School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Buttonwillow Union School District's ability to continue as a going concern for one year after the date that the financial statements are issued.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Buttonwillow Union School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buttonwillow Union School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Included in the Annual Report**

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 financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part 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, *2020-21 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 financial statements and other supplementary information and the schedule of expenditures of federal awards 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 financial statements and other supplementary information and the schedule of expenditures of federal awards 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 December 11, 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 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,

A handwritten signature in cursive script that reads "Linger, Peterson & Shrum".

Linger, Peterson & Shrum  
Fresno, California  
December 11, 2021

## Management's Discussion and Analysis

**BUTTONWILLOW UNION ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 2021 are as follows:

- Total assets increased \$614,257. Net position increased \$914,055 from the prior year net position, which represents a -21.76% increase from fiscal year 2020 net position.
- General revenues accounted for \$4,975,779 of the total revenues. Program specific revenues, in the form of charges for services were \$8,010, operating grants and contributions accounted for \$2,227,905, and capital grants and contributions accounted for \$0.
- The District had \$6,322,628 in expenses related to governmental activities; only \$2,235,915 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 \$4,975,779 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, 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, 2021.

### **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, 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 2021 compared to 2020:

**Table 1: Net Position**

	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and other assets	\$ 4,291,733	\$ 3,369,301
Capital assets, net	3,238,625	3,546,800
Total Assets	<u>\$ 7,530,358</u>	<u>\$ 6,916,101</u>
<b>Deferred Outflows</b>	<u>\$ 1,076,634</u>	<u>\$ 699,681</u>
<b>Liabilities</b>		
Current liabilities	\$ 492,863	\$ 394,359
Long-term liabilities	10,498,878	10,493,093
Total Liabilities	<u>\$ 10,991,741</u>	<u>\$ 10,887,452</u>
<b>Deferred Inflows</b>	<u>\$ 902,483</u>	<u>\$ 929,617</u>
<b>Net Position</b>		
Net investment in capital assets	\$ (1,830,583)	\$ 209,213
Restricted	2,417,700	887,854
Unrestricted	(3,874,349)	(5,298,354)
Total Net Position	<u>\$ (3,287,232)</u>	<u>\$ (4,201,287)</u>

Total assets increased \$614,257. Net position of the District's governmental activities increased \$914,055 from the prior year net position.

## Changes in Net Position

Table 2 reflects the change in net position for fiscal year 2021 compared to 2020:

**Table 2: Changes in Net Position**

	Governmental Activities	
	2021	2020
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 8,010	\$ 2,771
Operating and capital grants and contributions	2,227,905	1,407,351
General revenues		
LCFF sources	3,647,751	3,649,876
Federal revenues	37,675	32,091
State revenues	471,620	361,368
Local revenues	818,733	670,951
Total Revenues	<u>\$ 7,211,694</u>	<u>\$ 6,124,408</u>
<b>Program expenses:</b>		
Instruction	\$ 3,097,039	\$ 3,360,802
Instruction-related services	373,647	329,083
Pupil services	806,296	905,492
Ancillary services	-	14,513
Community services	1,231	5,844
General administration	678,282	687,567
Plant and community services	988,807	951,814
Other outgo	87,269	216,498
Interest on long-term debt	290,057	839,651
Total Expenses	<u>\$ 6,322,628</u>	<u>\$ 7,311,264</u>
<b>Changes in Net Position</b>	<u><u>\$ 889,066</u></u>	<u><u>\$ (1,186,856)</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 \$6,801,857, and expenditures of \$6,004,636. The positive change in the governmental fund balance for the year of \$797,221, reflects that the District was 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 2021, 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 2021, the District had \$3,238,625 invested in capital assets. Table 3 reflects fiscal year 2021 balances compared to 2020:

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

	Governmental Activities	
	2021	2020
Land	\$ 71,823	\$ 71,823
Land Improvement	71,725	78,145
Buildings	2,933,447	3,180,482
Equipment	161,630	216,350
Totals	<u>\$ 3,238,625</u>	<u>\$ 3,546,800</u>

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

### Long-Term Debt

At year-end, the District had \$4,743,791 in net pension liability. This is an increase of \$212,835 from last year as shown in Table 4.

**Table 4: Outstanding Debt, at Year-End**

	Governmental Activities	
	2021	2020
General obligation bonds	\$ 3,011,008	\$ 3,320,996
Postemployment health benefits	690,212	603,725
Accreted interest on general obligation bonds	2,025,790	2,006,179
Compensated absences	28,077	31,237
Net pension liability	4,743,791	4,530,956
Totals	<u>\$ 10,498,878</u>	<u>\$ 10,493,093</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, 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, 2021**

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 3,310,879
Cash on Hand and in Banks	32,666
Cash in Revolving Fund	3,000
Accounts Receivable	432,194
Due from Grantor Governments	530,531
Unamortized Issuance Costs	(17,537)
Capital Assets:	
Land	71,823
Land Improvements, Net	71,725
Buildings, Net	2,933,447
Equipment, Net	161,630
Total Assets	<u>7,530,358</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows of Resources - Pensions	919,575
Deferred Outflows of Resources - OPEB	157,059
Total Deferred Outflows of Resources	<u>1,076,634</u>
<b>LIABILITIES:</b>	
Accounts Payable	290,469
Due to Grantor Governments	8,316
Unearned Revenue	194,078
Noncurrent Liabilities:	
Net Pension Liability	4,743,791
Other Postemployment Benefit Obligation	690,212
Due within one year	525,001
Due in more than one year	4,539,874
Total Liabilities	<u>10,991,741</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows of Resources - Pensions	165,437
Deferred Inflows of Resources - OPEB	737,046
Total Deferred Inflows of Resources	<u>902,483</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	(1,830,583)
Restricted For:	
Debt Service	518,832
Capital Projects	1,506,566
Other Purposes	417,291
Unrestricted	(3,899,338)
Total Net Position	<u>\$ (3,287,232)</u>

The accompanying notes are an integral part of this statement.

**BUTTONWILLOW UNION SCHOOL DISTRICT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Instruction	\$ 3,097,039	\$ -	\$ 1,118,129	\$ (1,978,910)
Instruction-Related Services	373,647	-	142,564	(231,083)
Pupil Services	806,296	-	492,869	(313,427)
Community Services	1,231	-	497	(734)
General Administration	678,282	8,010	222,446	(447,826)
Plant Services	988,807	-	251,400	(737,407)
Other Outgo	87,269	-	-	(87,269)
Interest on Long-Term Obligations	290,057	-	-	(290,057)
Total Governmental Activities	6,322,628	8,010	2,227,905	(4,086,713)
Total Primary Government	<u>\$ 6,322,628</u>	<u>\$ 8,010</u>	<u>\$ 2,227,905</u>	<u>(4,086,713)</u>
General Revenues:				
LCFF Sources				3,647,751
Federal Revenues				37,675
State Revenues				471,620
Local Revenues				818,733
Total General Revenues				<u>4,975,779</u>
Change in Net Position				889,066
Net Position - Beginning				(4,201,287)
Prior Period Adjustment				24,989
Net Position - Ending				<u>\$ (3,287,232)</u>

The accompanying notes are an integral part of this statement.

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

JUNE 30, 2021

	General Fund	Capital Outlay Projects
<b>ASSETS:</b>		
Cash in County Treasury	\$ 1,474,737	\$ 1,054,914
Cash on Hand and in Banks	-	-
Cash in Revolving Fund	3,000	-
Accounts Receivable	321,390	3,156
Due from Grantor Governments	530,531	-
Due from Other Funds	21,500	350,000
Total Assets	<u>2,351,158</u>	<u>1,408,070</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 257,666	\$ -
Due to Grantor Governments	-	-
Due to Other Funds	353,831	-
Unearned Revenue	139,742	-
Total Liabilities	<u>751,239</u>	<u>-</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	3,000	-
Restricted Fund Balances	240,463	-
Assigned Fund Balances	37,428	1,408,070
Unassigned:		
Other Unassigned	1,319,028	-
Total Fund Balance	<u>1,599,919</u>	<u>1,408,070</u>
Total Liabilities and Fund Balances	<u>\$ 2,351,158</u>	<u>\$ 1,408,070</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ 518,832	\$ 262,396	\$ 3,310,879
-	32,666	32,666
-	-	3,000
-	107,648	432,194
-	-	530,531
-	3,831	375,331
<u>518,832</u>	<u>406,541</u>	<u>4,684,601</u>
\$ -	\$ 17,930	\$ 275,596
-	8,316	8,316
-	21,500	375,331
-	54,336	194,078
<u>-</u>	<u>102,082</u>	<u>853,321</u>
-	-	3,000
518,832	290,798	1,050,093
-	13,661	1,459,159
-	-	1,319,028
<u>518,832</u>	<u>304,459</u>	<u>3,831,280</u>
\$ 518,832	\$ 406,541	\$ 4,684,601

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**BUTTONWILLOW UNION SCHOOL DISTRICT**

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total Fund Balances - Balance Sheet, Governmental Funds	\$ 3,831,280
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	11,861,892
Accumulated depreciation	(8,623,267)
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	(14,873)
General obligation bonds payable	(3,011,008)
Accreted interest	(2,025,790)
Other post-employment benefits payable (OPEB)	(690,212)
Net pension liability	(4,743,791)
Compensated absences payable	(28,077)
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	919,575
Deferred inflows of resources related to pensions	(165,437)
Deferred outflows of resources related to OPEB	157,059
Deferred inflows of resources related to OPEB	(737,046)
Total Fund Balance of Governmental Activities - Statement of Net Position	\$ <u>(3,287,232)</u>

The accompanying notes are an integral part of this statement.

**BUTTONWILLOW UNION SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Outlay Projects
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 2,070,396	\$ -
Education Protection Account Funds	725,580	-
Local Sources	851,775	-
Federal Revenue	950,309	-
Other State Revenue	575,844	-
Other Local Revenue	461,597	15,474
Total Revenues	<u>5,635,501</u>	<u>15,474</u>
Expenditures:		
Current:		
Instruction	2,658,377	-
Instruction - Related Services	310,448	-
Pupil Services	454,619	-
Community Services	1,231	-
General Administration	657,436	-
Plant Services	549,469	-
Other Outgo	87,269	-
Capital Outlay	181,221	-
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	<u>4,900,070</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>735,431</u>	<u>15,474</u>
Net Change in Fund Balance	735,431	15,474
Fund Balance, July 1	863,303	1,392,596
Prior Period Adjustment	1,185	-
Fund Balance, June 30	<u>\$ 1,599,919</u>	<u>\$ 1,408,070</u>

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,070,396
-	-	725,580
-	-	851,775
-	329,747	1,280,056
125	239,924	815,893
561,065	20,021	1,058,157
<u>561,190</u>	<u>589,692</u>	<u>6,801,857</u>
-	173,599	2,831,976
-	36,179	346,627
-	308,567	763,186
-	-	1,231
-	155	657,591
-	3,914	553,383
-	-	87,269
-	-	181,221
309,988	-	309,988
272,164	-	272,164
<u>582,152</u>	<u>522,414</u>	<u>6,004,636</u>
<u>(20,962)</u>	<u>67,278</u>	<u>797,221</u>
(20,962)	67,278	797,221
539,794	213,377	3,009,070
-	23,804	24,989
<u>\$ 518,832</u>	<u>\$ 304,459</u>	<u>\$ 3,831,280</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 797,221
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	171,263
Depreciation expense	(479,438)
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:	
	309,988
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	(17,893)
Compensated absences	3,160
Other post-employment benefits cost in excess of contributions	65,402
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:	
	<u>39,363</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>889,066</u></u>

The accompanying notes are an integral part of this statement.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**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. 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, 2021**

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 four Funds maintained by the District: The General Fund (Fund 01), the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20). Although Funds 17 and 20 are separate funds authorized in the Education Code, neither fund meets the definition of a Special Revenue Fund 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.

Special Reserve (Capital Projects) 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:

Student Body Fund is used to account for revenues received and expenditures made related to student activity funds.

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

Cafeteria 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 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 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.

b. Measurement Focus, Basis of Accounting

Government-wide 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.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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.

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.

# **BUTTONWILLOW UNION SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

### **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
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.



**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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.

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.

# **BUTTONWILLOW UNION SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

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.

### **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, 2020
Valuation Date (VD) (PERS)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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. 84, Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

*GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

*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 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 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 reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**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. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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*

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**B. Excess of Expenditures Over Appropriations**

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Bond Interest and Redemption Fund: Debt Service	\$ 582,152

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. is managed by Kern County.

**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 (\$3,310,879 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$3,310,879. 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 (\$32,666 as of June 30, 2021) 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, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Cash in County Treasury	Less than 12 months	\$ 3,310,879
Cash in Revolving Fund	Less than 12 months	3,000
Cash on Hand and in Banks	Less than 12 months	32,666
Total Investments		<u>\$ 3,346,545</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.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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.

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.

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**D. Accounts Receivable**

Accounts receivable at June 30, 2021 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	All Other Government Funds	Total Governmental Funds
Federal programs	\$ 206,991	\$ -	\$ 106,848	\$ 313,839
State categorical aid programs	62,893	-	-	62,893
Interest	2,797	3,156	800	6,753
Other local receivables	48,709	-	-	48,709
Total	<u>\$ 321,390</u>	<u>\$ 3,156</u>	<u>\$ 107,648</u>	<u>\$ 432,194</u>

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 71,823	\$ -	\$ -	\$ 71,823
Work in progress	-	-	-	-
Total capital assets not being depreciated	<u>71,823</u>	<u>-</u>	<u>-</u>	<u>71,823</u>
Capital assets being depreciated:				
Buildings	10,674,645	142,623	-	10,817,268
Improvements	181,925	-	-	181,925
Equipment	801,498	28,640	39,262	790,876
Total capital assets being depreciated	<u>11,658,068</u>	<u>171,263</u>	<u>39,262</u>	<u>11,790,069</u>
Less accumulated depreciation for:				
Buildings	(7,494,163)	(389,658)	-	(7,883,821)
Improvements	(103,780)	(6,420)	-	(110,200)
Equipment	(585,148)	(83,360)	(39,262)	(629,246)
Total accumulated depreciation	<u>(8,183,091)</u>	<u>(479,438)</u>	<u>(39,262)</u>	<u>(8,623,267)</u>
Total capital assets being depreciated, net	<u>3,474,977</u>	<u>(308,175)</u>	<u>-</u>	<u>3,166,802</u>
Governmental activities capital assets, net	<u>\$ 3,546,800</u>	<u>\$ (308,175)</u>	<u>\$ -</u>	<u>\$ 3,238,625</u>

Depreciation was charged to functions as follows:

Instruction	\$ 42,424
Pupil Services	18,269
General Administration	3,841
Plant Services	414,904
	<u>\$ 479,438</u>

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**F. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2021, consisted of the following:

Fund	Receivables	Payables
General Fund	\$ 21,500	\$ 353,831
Child Development Fund	3,831	21,500
Special Reserve Fund for Capital Outlay Projects	350,000	-
Total	<u>\$ 375,331</u>	<u>\$ 375,331</u>

All amounts due are scheduled to be repaid within one year.

**G. Accounts Payable**

Accounts payable at June 30, 2021 consisted of the following:

	General Fund	All Other Government Funds	Total Governmental Funds
Vendor payables	\$ 963	\$ 17,287	\$ 18,250
Salaries and benefits	191,766	606	192,372
Other	64,937	37	64,974
Total	<u>\$ 257,666</u>	<u>\$ 17,930</u>	<u>\$ 275,596</u>

**H. Unearned Revenue**

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned," and will be recognized in subsequent periods as program expenditures are made.

Unearned revenue at June 30, 2021 consisted of the following:

Dept of Health Care Services (DHCS): Medi-Cal Billing Option	\$ 3,610
In-Person Instruction (IPI) Grant	59,372
Elementary and Secondary School Emergency Relief II Fund	76,760
Child Development: California State Preschool Program	53,996
Child Nutrition: Fresh Fruit and Vegetable Program	340
Totals	<u>\$ 194,078</u>



**BUTTONWILLOW UNION SCHOOL DISTRICT**  
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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, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,320,996	\$ -	\$ 309,988	\$ 3,011,008	\$ 324,963
Accreted Interest	2,006,179	194,623	175,012	2,025,790	200,038
Other post-employment benefits payable	603,725	86,487	-	690,212	-
Net pension liability	4,530,956	212,835	-	4,743,791	-
Compensated absences	31,237	-	3,160	28,077	-
Total governmental activities	\$ 10,493,093	\$ 493,945	\$ 488,160	\$ 10,498,878	\$ 525,001

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, 2021, 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, 2020	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2021
2002, Series 2003A	\$ 4,000,000	\$ 1,835,000	\$ -	\$ 190,000	\$ 1,645,000
2002, Series 2004A	2,499,967	1,485,996	-	119,988	1,366,008
	\$ 6,499,967	\$ 3,320,996	\$ -	\$ 309,988	\$ 3,011,008

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
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	380,102	341,061	721,163
2027-2030	1,249,988	2,034,839	3,284,827
Totals	\$ 3,011,008	\$ 3,594,900	\$ 6,605,908

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Year Ending June 30,	Accreted Interest
2022	\$ 183,005
2023	186,979
2024	192,452
2025	196,869
2026	200,254
2027-2030	1,066,231
Totals	\$ 2,025,790

J. Compensated Absences

Compensated absences at June 30, 2021 consisted of:

	Compensated Absences	Benefits	Totals
Classified	\$ 21,208	\$ 6,869	\$ 28,077

All amounts are due after one year.

K. Pension

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.

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The Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	CalSTRS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
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, 2021)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2021)	16.150%	16.150%
Required State Contribution Rates (at June 30, 2021)	10.328%	10.328%

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

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

	CalPERS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
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	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, 2021)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2021)	20.7000%	20.7000%

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

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021 (measurement date June 30), 2020, California Education Code Section 22950 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 16.15% of creditable compensation for the fiscal year ended June 30, 2021 Rates are defined in Education code Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on 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. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
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CalPERS

California Public Employees' Retirement Law section 20814(c) 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, 2021 (measurement date June 30, 2020) the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code Section 20825.2.

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 (measurement date (June 30, 2020) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, 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 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. 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
2019	14.798%	275,546
2020	10.328%	240,007
2021	10.328%	191,562

  

CalPERS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount
2019	7.992%	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 during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
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d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 288,140	\$ 141,464	\$ 429,604
Contributions - State On Behalf Payments	191,562	-	191,562
Total Contributions	<u>\$ 479,702</u>	<u>\$ 141,464</u>	<u>\$ 621,166</u>

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

As of June 30, 2021 (measured June 30, 2020), 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	\$ 3,283,277
CalPERS	1,460,514
Total Net Pension Liability	<u>\$ 4,743,791</u>

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, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 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, 2020 and June 30, 2021 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	
Proportion June 30, 2020	0.0035%	0.0019%	0.0054%	0.0048%
Proportion June 30, 2021	0.0034%	0.0017%	0.0051%	0.0048%
Change in Proportion	-0.0001%	-0.0002%	-0.0003%	-0.0000%

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

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 129,386	\$ 83,449	\$ 212,835
On Behalf Contribution Amount	191,562	-	191,562
Employer Contributions to Pension Plan	288,140	141,464	429,604
Change in Contributions Subsequent to Measurement Date	(33,420)	4,217	(29,203)
Change in Other Outflows/Inflows of Resources	219,366	32,833	252,199
Total Pension Expense	<u>\$ 795,034</u>	<u>\$ 261,963</u>	<u>\$ 1,056,997</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
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b. Deferred Outflows and Inflows of Resources

At June 30, 2021, 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	\$ 288,140	\$ 141,464	\$ 429,604
Differences between actual and expected experience	5,793	72,437	78,230
Changes in assumptions	320,166	5,356	325,522
Change in employer's proportionate share	-	8,160	8,160
Net difference between projected and actual earnings	77,992	67	78,059
Total Deferred Outflows of Resources	<u>\$ 692,091</u>	<u>\$ 227,484</u>	<u>\$ 919,575</u>

  

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (92,594)	\$ -	\$ (92,594)
Changes in assumptions	-	-	-
Change in employer's proportionate share	(57,861)	-	(57,861)
Net difference between projected and actual earnings	-	(14,982)	(14,982)
Total Deferred Inflows of Resources	<u>\$ (150,455)</u>	<u>\$ (14,982)</u>	<u>\$ (165,437)</u>

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, 2022. 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	
2022	\$ 344,223	\$ 193,408	\$ (40,791)	\$ (14,982)	\$ 481,858
2023	130,246	24,539	(34,354)	-	120,431
2024	156,689	7,482	(28,527)	-	135,644
2025	50,972	2,055	(28,527)	-	24,500
2026	4,980	-	(13,596)	-	(8,616)
Thereafter	4,981	-	(4,660)	-	321
Total	<u>\$ 692,091</u>	<u>\$ 227,484</u>	<u>\$ (150,455)</u>	<u>\$ (14,982)</u>	<u>\$ 754,138</u>

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
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)

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- (1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (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, 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 valuation 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 with an initial expected completion date of 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.

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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.

**CalSTRS**

Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	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



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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 4,960,577	\$ 2,099,756
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 3,283,277	\$ 1,460,514
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 1,898,433	\$ 929,976

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, 2020 (Previously Reported)	\$ 17,769,482	\$ 12,894,031	\$ 4,875,451	\$ 1,721,560	\$ 3,153,891
Changes for the year:					
CalSTRS Auditor Adjustment	-	-	-	-	-
Change in Prop share	(119,104)	86,248	(205,352)	(133,026)	(72,326)
Service Cost	376,872	-	376,872	128,193	248,679
Interest	1,198,084	-	1,198,084	407,528	790,556
Differences between expected and actual experience	(49,445)	-	(49,445)	(16,819)	(32,626)
Change in assumptions	52,835	-	52,835	17,972	34,863
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	312,180	(312,180)	(106,188)	(205,992)
Employee	-	191,775	(191,775)	(65,232)	(126,543)
State On Behalf Payments	-	228,323	(228,323)	(77,664)	(150,659)
Net Investment Income	-	518,742	(518,742)	(176,450)	(342,292)
Other Income	-	5,207	(5,207)	(1,771)	(3,436)
Benefit Payments, including refunds of employee contributions	(542,916)	(542,916)	-	-	-
Administrative expenses	-	11,237	(11,237)	(3,822)	(7,415)
Borrowing Costs	-	4,862	(4,862)	(1,654)	(3,208)
Other Expenses	-	326	(326)	(111)	(215)
Net Changes	916,326	815,984	100,342	(29,044)	129,386
Balance at June 30, 2021	\$ 18,685,808	\$ 13,710,015	\$ 4,975,793	\$ 1,692,516	\$ 3,283,277

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020 (Previously Reported)	\$ 4,597,471	\$ 3,220,406	\$ 1,377,065
Changes for the year:			
Change in Proportionate Share	24,286	14,086	10,200
Service Cost	109,617	-	109,617
Interest	328,664	-	328,664
Differences between expected and actual experience	21,537	-	21,537
Change in Assumptions	-	-	-
Contributions:			
Employer	-	136,428	(136,428)
Employee	-	49,884	(49,884)
Nonemployer	-	43,030	(43,030)
Net Investment Income	-	161,770	(161,770)
Plan to Plan Resource Movement	-	8	(8)
Benefit Payments, including refunds of employee contributions	(222,357)	(222,357)	-
Administrative expenses	-	(4,551)	4,551
Other expenses	-	-	-
Net Changes	261,747	178,298	83,449
Balance at June 30, 2021	\$ 4,859,218	\$ 3,398,704	\$ 1,460,514

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

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 24 active employees who may become eligible to retire and receive benefits in the future as of June 30, 2021. The District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan.

Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Education. The OPEB Plan is administered by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Employees Covered by Benefit Terms

At June 30, 2021, 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	24
Total number of participants	<u>26</u>

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	2.75%
Salary Increases	2.75% per year
Discount Rate	2.16% per year
Healthcare Cost Trend Rates	4.00%
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, 2020	\$ 603,725
Changes for the year:	
Service cost	49,843
Interest	13,452
Benefit payments	(34,350)
Experience gains/losses	129,214
Assumption changes	(71,672)
Other adjustments	-
Net changes	<u>86,487</u>
Balance at June 30, 2021	<u>\$ 690,212</u>

The interest assumption changed from 2.20% to 2.16% and trend rate changed from 6.00% to 4.00%. Inflation rate changed from 2.25% to 2.75% and payroll from 3.00% to 2.75%. There were no changes to any other inputs or assumptions.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 585,431	\$ 690,212	\$ 818,962

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 3.00%	Healthcare Cost Trend 4.00%	1% Increase 5.00%
Total OPEB Liability	\$ 753,781	\$ 690,212	\$ 630,050

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

For the fiscal year ended June 30, 2021, the District recognized OPEB benefit of \$65,401.

At June 30, 2021 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	\$ 737,046	\$ -
Difference between expected and actual	-	121,787
Contributions made subsequent to measurement date	-	35,272
	<u>\$ 737,046</u>	<u>\$ 157,059</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
2022	\$ 78,508	\$ 42,699
2023	78,508	7,427
2024	78,508	7,427
2025	78,508	7,427
2026	78,508	7,427
Thereafter	344,506	84,652
Total	<u>\$ 737,046</u>	<u>\$ 157,059</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

M. Commitments and Contingencies

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.

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, 2021 as follows:

Pending appeals for taxes	\$	1,641
Pending appeals for interest		40
Total		<u>1,681</u>
Less amount held by Kern County Auditor-Controller		(6,012)
Net contingent liability	\$	<u><u>(4,331)</u></u>

N. Restricted Fund Balances

Restricted fund balances at June 30, 2021 are as follows:

Lottery: Instructional Materials	\$	108,951
Classified School Employee Professional Development Grant		3,455
Expanded Learning Opportunities Grant		115,551
Expanded Learning Opportunities Grant: Paraprofessional		12,506
Student Activity Special Revenue Fund		24,989
Child Development Fund		19,293
Cafeteria Fund		132,546
Building Fund		1,195
Capital Facilities Fund		112,000
County Schools Facilities Fund		775
Bond Interest and Debt Service Fund		<u>518,832</u>
Totals	\$	<u><u>1,050,093</u></u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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.

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, 2021 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

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

P. Prior Period Adjustment

Adjustments to previously reported amounts relate to transfers between the General Fund and the Cafeteria fund, as well as the implementation of GASB 84, which resulted in the Student Body Fund being reported as a governmental fund, rather than a fiduciary fund as in previous years.

	June 30 2020
Fund balance of the General Fund, as previously reported	\$ 826,295
Prior period adjustment	1,185
Fund balance of the General Fund, as restated	<u>\$ 827,480</u>
Fund balance of the Cafeteria Fund, as previously reported	\$ 103,310
Prior period adjustment	(1,185)
Fund balance of the Cafeteria Fund, as restated	<u>\$ 102,125</u>
Fund balance of the Student Body Fund, as previously reported as a part of the District's governmental funds	\$ -
Prior period adjustment related to the implementation of GASB 84	24,989
Fund balance of the Student Body Fund, as restated as a part of the District's governmental funds	<u>\$ 24,989</u>

Q. Subsequent Events

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

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## 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, 2021

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 1,909,537	\$ 2,222,794	\$ 2,070,396	\$ (152,398)
Education Protection Account Funds	379,091	570,644	725,580	154,936
Local Sources	1,088,299	845,552	851,775	6,223
Federal Revenue	361,639	913,871	950,309	36,438
Other State Revenue	392,153	412,413	575,844	163,431
Other Local Revenue	280,764	293,322	461,597	168,275
Total Revenues	<u>4,411,483</u>	<u>5,258,596</u>	<u>5,635,501</u>	<u>376,905</u>
Expenditures:				
Current:				
Certificated Salaries	1,937,327	1,812,870	1,724,298	88,572
Classified Salaries	656,152	641,900	623,488	18,412
Employee Benefits	1,210,194	1,193,904	1,185,311	8,593
Books And Supplies	447,643	600,676	399,345	201,331
Services And Other Operating Expenditures	594,230	762,597	699,138	63,459
Other Outgo	70,076	123,702	87,269	36,433
Capital Outlay	50,000	241,655	181,221	60,434
Total Expenditures	<u>4,965,622</u>	<u>5,377,304</u>	<u>4,900,070</u>	<u>477,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(554,139)</u>	<u>(118,708)</u>	<u>735,431</u>	<u>854,139</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(554,139)	(118,708)	735,431	854,139
Fund Balance, July 1	864,488	864,488	863,303	(1,185)
Prior Period Adjustment	-	-	1,185	1,185
Fund Balance, June 30	<u>\$ 310,349</u>	<u>\$ 745,780</u>	<u>\$ 1,599,919</u>	<u>\$ 854,139</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.003%	0.004%	0.003%	0.003%	0.003%	0.003%	0.003%	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 3,283,277	\$ 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	1,692,516	1,721,560	1,120,201	1,067,391	552,265	835,480	942,500	-	-	-
Total	<u>\$ 4,975,793</u>	<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>
District's covered-employee payroll	\$ 1,836,604	\$ 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	178.77%	156.83%	96.05%	100.18%	122.63%	51.30%	36.26%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	73.37%	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 288,140	\$ 321,560	\$ 745,608	\$ 405,934	\$ 335,388	\$ 186,302	\$ 182,257	\$ -	\$ -	-
Contributions in relation to the contractually required contribution	(288,140)	(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	\$ 1,836,604	\$ 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	15.69%	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.005%	0.005%	0.005%	0.005%	0.050%	0.050%	0.040%	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 1,460,514	\$ 1,377,065	\$ 1,287,000	\$ 1,102,000	\$ 891,000	\$ 603,000	\$ 447,000	- \$	- \$	-
District's covered-employee payroll	\$ 713,401	\$ 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	204.73%	186.49%	182.72%	155.99%	142.38%	101.93%	81.75%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	69.94%	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 141,464	\$ 137,247	\$ 208,062	\$ 99,840	\$ 81,725	\$ 63,493	\$ 60,258	\$ -	\$ -	-
Contributions in relation to the contractually required contribution	(141,464)	(137,247)	(208,062)	(99,840)	(81,725)	(63,493)	(60,258)	-	-	-
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	\$ 713,401	\$ 738,397	\$ 704,373	\$ 706,433	\$ 625,803	\$ 591,579	\$ 546,801	\$ -	\$ -	-
Contributions as a percentage of covered-employee payroll	19.83%	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 49,843	\$ 48,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Interest	13,452	36,566	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Experience gains/losses	129,214									
Changes of assumptions or other inputs	(71,672)	(818,270)	562,773	-	221,917	-	-	-	-	-
Benefit payments	(34,350)	(41,940)	-	-	-	-	-	-	-	-
Other adjustments	-	44,062	-	-	-	-	-	-	-	-
Net change in total OPEB liability	86,487	(731,191)	562,773	-	221,917	-	-	-	-	-
Total OPEB liability - beginning	603,725	1,334,916	772,143	772,143	550,226	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 690,212</u>	<u>\$ 603,725</u>	<u>\$ 1,334,916</u>	<u>\$ 772,143</u>	<u>\$ 772,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Covered-employee payroll	\$ 2,550,005	\$ 2,681,281	\$ 2,636,554	\$ 2,441,558	\$ 2,177,113	\$ -	\$ -	\$ -	\$ -	-
Total OPEB liability as a percentage of covered-employee payroll	27.07%	22.52%	50.63%	31.63%	35.47%	-	-	-	-	-

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.

2021	2.16%
2020	2.20%
2019	3.62%
2018	NA
2017	NA
2016	NA
2015	NA
2014	NA
2013	NA
2012	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.

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## 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, 2021

	General Fund	Special Reserve General Fund	Post-Employment Benefits Fund	Totals June 30, 2021
<b>ASSETS:</b>				
Cash in County Treasury	\$ 1,437,402	\$ 4,078	\$ 33,257	\$ 1,474,737
Cash in Revolving Fund	3,000	-	-	3,000
Accounts Receivable	321,297	10	83	321,390
Due from Grantor Governments	530,531	-	-	530,531
Due from Other Funds	21,500	-	-	21,500
Total Assets	<u>2,313,730</u>	<u>4,088</u>	<u>33,340</u>	<u>2,351,158</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 257,666	\$ -	\$ -	\$ 257,666
Due to Other Funds	353,831	-	-	353,831
Unearned Revenue	139,742	-	-	139,742
Total Liabilities	<u>751,239</u>	<u>-</u>	<u>-</u>	<u>751,239</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	3,000	-	-	3,000
Restricted Fund Balances	240,463	-	-	240,463
Assigned Fund Balances	-	4,088	33,340	37,428
Unassigned:				
Other Unassigned	1,319,028	-	-	1,319,028
Total Fund Balance	<u>1,562,491</u>	<u>4,088</u>	<u>33,340</u>	<u>1,599,919</u>
Total Liabilities and Fund Balances	<u>\$ 2,313,730</u>	<u>\$ 4,088</u>	<u>\$ 33,340</u>	<u>\$ 2,351,158</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, 2021

	General Fund	Special Reserve General Fund	Post-Employment Benefits Fund	Totals June 30, 2021
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 2,070,396	\$ -	\$ -	\$ 2,070,396
Education Protection Account Funds	725,580	-	-	725,580
Local Sources	851,775	-	-	851,775
Federal Revenue	950,309	-	-	950,309
Other State Revenue	575,844	-	-	575,844
Other Local Revenue	461,177	46	374	461,597
Total Revenues	<u>5,635,081</u>	<u>46</u>	<u>374</u>	<u>5,635,501</u>
Expenditures:				
Current:				
Instruction	2,658,377	-	-	2,658,377
Instruction - Related Services	310,448	-	-	310,448
Pupil Services	454,619	-	-	454,619
Community Services	1,231	-	-	1,231
General Administration	657,436	-	-	657,436
Plant Services	549,469	-	-	549,469
Other Outgo	87,269	-	-	87,269
Capital Outlay	181,221	-	-	181,221
Total Expenditures	<u>4,900,070</u>	<u>-</u>	<u>-</u>	<u>4,900,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>735,011</u>	<u>46</u>	<u>374</u>	<u>735,431</u>
Net Change in Fund Balance	735,011	46	374	735,431
Fund Balance, July 1	826,295	4,042	32,966	863,303
Prior Period Adjustment	1,185	-	-	1,185
Fund Balance, June 30	<u>\$ 1,562,491</u>	<u>\$ 4,088</u>	<u>\$ 33,340</u>	<u>\$ 1,599,919</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 148,709	\$ 113,687	\$ 262,396
Cash on Hand and in Banks	32,666	-	32,666
Accounts Receivable	107,365	283	107,648
Due from Other Funds	3,831	-	3,831
Total Assets	<u>292,571</u>	<u>113,970</u>	<u>406,541</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 17,930	\$ -	\$ 17,930
Due to Grantor Governments	8,316	-	8,316
Due to Other Funds	21,500	-	21,500
Unearned Revenue	54,336	-	54,336
Total Liabilities	<u>102,082</u>	<u>-</u>	<u>102,082</u>
Fund Balance:			
Restricted Fund Balances	176,828	113,970	290,798
Assigned Fund Balances	13,661	-	13,661
Total Fund Balance	<u>190,489</u>	<u>113,970</u>	<u>304,459</u>
Total Liabilities and Fund Balances	<u>\$ 292,571</u>	<u>\$ 113,970</u>	<u>\$ 406,541</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	\$ 329,747	\$ -	\$ 329,747
Other State Revenue	239,924	-	239,924
Other Local Revenue	10,761	9,260	20,021
Total Revenues	<u>580,432</u>	<u>9,260</u>	<u>589,692</u>
Expenditures:			
Current:			
Instruction	173,599	-	173,599
Instruction - Related Services	36,179	-	36,179
Pupil Services	308,567	-	308,567
General Administration	-	155	155
Plant Services	3,914	-	3,914
Total Expenditures	<u>522,259</u>	<u>155</u>	<u>522,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>58,173</u>	<u>9,105</u>	<u>67,278</u>
Net Change in Fund Balance	58,173	9,105	67,278
Fund Balance, July 1	108,512	104,865	213,377
Prior Period Adjustment	23,804	-	23,804
Fund Balance, June 30	<u>\$ 190,489</u>	<u>\$ 113,970</u>	<u>\$ 304,459</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**

## COMBINING BALANCE SHEET

## NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	Student Activity Special Revenue Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-3)
<b>ASSETS:</b>				
Cash in County Treasury	\$ -	\$ 105,554	\$ 43,155	\$ 148,709
Cash on Hand and in Banks	32,666	-	-	32,666
Accounts Receivable	-	318	107,047	107,365
Due from Other Funds	-	3,831	-	3,831
Total Assets	<u>32,666</u>	<u>109,703</u>	<u>150,202</u>	<u>292,571</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ -	\$ 614	\$ 17,316	\$ 17,930
Due to Grantor Governments	-	8,316	-	8,316
Due to Other Funds	-	21,500	-	21,500
Unearned Revenue	-	53,996	340	54,336
Total Liabilities	<u>-</u>	<u>84,426</u>	<u>17,656</u>	<u>102,082</u>
Fund Balance:				
Restricted Fund Balances	24,989	19,293	132,546	176,828
Assigned Fund Balances	7,677	5,984	-	13,661
Total Fund Balance	<u>32,666</u>	<u>25,277</u>	<u>132,546</u>	<u>190,489</u>
Total Liabilities and Fund Balances	<u>\$ 32,666</u>	<u>\$ 109,703</u>	<u>\$ 150,202</u>	<u>\$ 292,571</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Student Activity Special Revenue Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-4)
Revenues:				
Federal Revenue	\$ -	\$ 19,294	\$ 310,453	\$ 329,747
Other State Revenue	-	214,488	25,436	239,924
Other Local Revenue	9,322	781	658	10,761
Total Revenues	<u>9,322</u>	<u>234,563</u>	<u>336,547</u>	<u>580,432</u>
Expenditures:				
Current:				
Instruction	-	173,599	-	173,599
Instruction - Related Services	1,645	34,534	-	36,179
Pupil Services	-	2,441	306,126	308,567
Plant Services	-	3,914	-	3,914
Total Expenditures	<u>1,645</u>	<u>214,488</u>	<u>306,126</u>	<u>522,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,677</u>	<u>20,075</u>	<u>30,421</u>	<u>58,173</u>
Net Change in Fund Balance	7,677	20,075	30,421	58,173
Fund Balance, July 1	-	5,202	103,310	108,512
Prior Period Adjustment	24,989	-	(1,185)	23,804
Fund Balance, June 30	<u>\$ 32,666</u>	<u>\$ 25,277</u>	<u>\$ 132,546</u>	<u>\$ 190,489</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT****EXHIBIT C-7**

BOND INTEREST AND REDEMPTION FUND  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

	1	2	3
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other State Revenue	\$ -	\$ 125	\$ 125
Other Local Revenue	-	561,065	561,065
Total Revenues	-	561,190	561,190
Expenditures:			
Debt Service:			
Principal	-	309,988	(309,988)
Interest	-	272,164	(272,164)
Total Expenditures	-	582,152	(582,152)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(20,962)	(20,962)
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	(20,962)	(20,962)
Fund Balance, July 1	539,794	539,794	-
Fund Balance, June 30	\$ 539,794	\$ 518,832	\$ (20,962)



**BUTTONWILLOW UNION SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2021

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 1,192	\$ 111,722	\$ 773	\$ 113,687
Accounts Receivable	3	278	2	283
Total Assets	<u>1,195</u>	<u>112,000</u>	<u>775</u>	<u>113,970</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Restricted Fund Balances	\$ 1,195	\$ 112,000	\$ 775	\$ 113,970
Total Fund Balance	<u>1,195</u>	<u>112,000</u>	<u>775</u>	<u>113,970</u>
Total Liabilities and Fund Balances	<u>\$ 1,195</u>	<u>\$ 112,000</u>	<u>\$ 775</u>	<u>\$ 113,970</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, 2021

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
Revenues:				
Other Local Revenue	\$ 14	\$ 9,237	\$ 9	\$ 9,260
Total Revenues	<u>14</u>	<u>9,237</u>	<u>9</u>	<u>9,260</u>
Expenditures:				
Current:				
General Administration	-	155	-	155
Total Expenditures	<u>-</u>	<u>155</u>	<u>-</u>	<u>155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14</u>	<u>9,082</u>	<u>9</u>	<u>9,105</u>
Net Change in Fund Balance	14	9,082	9	9,105
Fund Balance, July 1	1,181	102,918	766	104,865
Fund Balance, June 30	<u>\$ 1,195</u>	<u>\$ 112,000</u>	<u>\$ 775</u>	<u>\$ 113,970</u>

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**EXHIBIT C-10**

	1	2	3
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 15,000	\$ 15,474	\$ 474
Total Revenues	<u>15,000</u>	<u>15,474</u>	<u>474</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,000</u>	<u>15,474</u>	<u>474</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	15,000	15,474	474
Fund Balance, July 1	1,392,596	1,392,596	-
Fund Balance, June 30	<u>\$ 1,407,596</u>	<u>\$ 1,408,070</u>	<u>\$ 474</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.

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## Supplementary Information Section

# **BUTTONWILLOW UNION SCHOOL DISTRICT**

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2021

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 2021.

Governing Board		
Name	Office	Term Expiration
Regina Houchin	President	2022
Richard Garcia	Clerk	2022
Marie Parsons	Member	2022
Megan Lucas	Member	2024
Marie DeLa Rosa	Member	2024

Administration
J. Stuart Packard Superintendent
Heidi Witcher Assistant Superintendent



**BUTTONWILLOW UNION SCHOOL DISTRICT**

SCHEDULE OF INSTRUCTIONAL TIME  
 YEAR ENDED JUNE 30, 2021

**TABLE D-1**

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>Ed. Code 46207 Adjusted &amp; Reduced</u>	<u>Annual Instructional Day Requirement</u>	<u>Number of Days of Instruction</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Transitional Kindergarten	N/A	N/A	180	180	N/A	Complied
Kindergarten	N/A	N/A	180	180	N/A	Complied
Grade 1	N/A	N/A	180	180	N/A	Complied
Grade 2	N/A	N/A	180	180	N/A	Complied
Grade 3	N/A	N/A	180	180	N/A	Complied
Grade 4	N/A	N/A	180	180	N/A	Complied
Grade 5	N/A	N/A	180	180	N/A	Complied
Grade 6	N/A	N/A	180	180	N/A	Complied
Grade 7	N/A	N/A	180	180	N/A	Complied
Grade 8	N/A	N/A	180	180	N/A	Complied

This schedule is required of all districts, including basic aid districts.

2020-21. However, local education agencies must meet annual instructional day requirements.

In fiscal year 2020-21, for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction. A minimum day of instruction is as follows:

- 180 instructional minutes in transitional kindergarten (TK)/kindergarten
- 230 instructional minutes in grades 1 to 3, inclusive
- 240 instructional minutes in grades 4 to 12, inclusive

The district met the daily minimum requirement and complied with the annual instructional day requirement.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2021**

**TABLE D-2**

General Fund	Budget 2022 (see note 1)	2021	2020	2019
Revenues and other financial sources	\$ 4,417,182	\$ 5,635,501	\$ 4,830,731	\$ 5,008,468
Expenditures	4,960,386	4,900,070	5,017,178	4,806,154
Other uses and transfers out	58,881	-	140,852	3,831
Total outgo	5,019,267	4,900,070	5,158,030	4,809,985
Change in fund balance (deficit)	(602,085)	735,431	(327,299)	198,483
Ending fund balance	\$ 1,001,505	\$ 1,603,590	\$ 868,159	\$ 1,195,458
Available reserves (see note 2)	\$ 121,316	\$ 1,319,028	\$ 490,468	\$ 1,195,458
Available reserves as a percentage of total outgo	2.4%	26.9%	9.5%	4.8%
Total long-term debt	\$ 8,148,125	\$ 9,973,877	\$ 10,498,878	\$ 10,737,856
Average daily attendance at P-2	306	306	306	313

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 increased by \$408,132 (34.1%) over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$602,085 (37.5%). 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).

As of June 30, 2021, the District's General Fund reserves were 2.4%, which is below the recommended reserve requirement of 5.0% for a district this size. The District will be monitoring expenditures closely to increase this reserve to the recommended 5.0%. The District does not anticipate any major costs for the rest of the fiscal year. The District will continue to revise the budget as new information becomes available and will make further expenditure cuts as needed to increase the reserve.

The District has incurred any operating deficits in one of the past three years, and projects a deficit during the 2021-2022 fiscal year. Total long-term debt has decreased by \$763,979 over the past two years.

Average daily attendance has decreased by 7 over the past two years. During fiscal year 2021-2022, no change in average daily attendance is anticipated.

**NOTES:**

1. The budget for 2022 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, 2021

**TABLE D-3**

	Student Body Fund	Cafeteria Fund
June 30, 2021, annual financial and budget report fund balances	\$ -	\$ 25,698
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Accounts receivable understatement	32,666	106,848
Accounts payable overstatement - books and supplies	-	-
Stores inventory adjustment to physical count	-	-
Net adjustments and reclassifications	32,666	106,848
June 30, 2021, audited financial statement fund balances	\$ 32,666	\$ 132,546

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.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
SCHEDULE OF CHARTER SCHOOLS AND OTHER INFORMATION  
YEAR ENDED JUNE 30, 2021

**TABLE D-4**

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).

# BUTTONWILLOW UNION SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

TABLE D-5

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CCDF CLUSTER:</b>			
<u>U.S. Department of Education</u>			
Passed Through California Department of Education (CDE):			
Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CRR)	93.575	15555	\$ 19,294
Total U.S. Department of Education			19,294
Total CCDF Cluster			19,294
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U.S. Department of Agriculture</u>			
Passed Through California Department of Education (CDE):			
School Breakfast Program-Needy	10.553	13526	103,818
National School Lunch Program	10.555	13523,13524	195,991
Total Passed Through California Department of Education (CDE)			299,809
Total U.S. Department of Agriculture			299,809
Total Child Nutrition Cluster			299,809
<b>MEDICAID CLUSTER:</b>			
<u>U.S. Department of Health and Human Services</u>			
Passed Through California Department of Education (CDE):			
Dept of Health Care Services (DHCS): Medi-Cal Billing Option	93.778	10013	37,675
Total U.S. Department of Health and Human Services			37,675
Total Medicaid Cluster			37,675
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U.S. Department of Agriculture</u>			
Passed Through California Department of Education (CDE):			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	58,328
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	280
AB 114 CANS Demonstration Project and AB 114 Implementation Grant	84.027	01110	13,102
Total U.S. Department of Agriculture			71,710
Total Special Education (IDEA) Cluster			71,710
<b>OTHER PROGRAMS:</b>			
<u>U.S. Department of Education</u>			
Passed Through California Department of Education (CDE):			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	356,327
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	242,562
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	24,120
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	31,145
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	15,460
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	153,830
Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425	15517	17,480
Total Passed Through California Department of Education (CDE)			840,924
Total U.S. Department of Education			840,924
<u>U.S. Department of Agriculture</u>			
Passed Through California Department of Education (CDE):			
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	10,644
Total U.S. Department of Agriculture			10,644
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,280,056

The accompanying notes are an integral part of this schedule.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Buttonwillow Union School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Buttonwillow Union School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## Other Independent Auditor's Reports

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 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, 2021, 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 January 26, 2022.

**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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buttonwillow Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Linger, Peterson & Shrum".

Linger, Peterson & Shrum  
Fresno, California  
January 26, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees  
Buttonwillow Union School District  
Buttonwillow, California 93206

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Linger, Peterson & Shrum  
Fresno, California  
January 26, 2022

## **Independent Auditor's Report on State Compliance**

Board of Trustees  
Buttonwillow Union School District  
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 *2020-21 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, 2021.

### **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, *2020-21 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, *2020-21 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:

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:</b>	
Attendance and Distance Learning .....	Yes
Teacher Certification and Misassignments .....	Yes
Kindergarten Continuance .....	Yes
Instructional Time .....	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers .....	Yes
Classroom Teacher Salaries .....	Yes
Early Retirement Incentive .....	N/A
GANN Limit Calculation .....	Yes
School Accountability Report Card .....	Yes
K-3 Grade Span Adjustment .....	Yes
Apprenticeship: Related and Supplemental Instruction .....	N/A
Comprehensive School Safety Plan .....	Yes
District of Choice .....	N/A
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:</b>	
California Clean Energy Jobs Act .....	Yes
Proper Expenditure of Education Protection Account Funds .....	Yes
Unduplicated Local Control Funding Formula Pupil Counts .....	Yes
<b>CHARTER SCHOOLS:</b>	
Independent Study-Course Based .....	N/A
Attendance .....	N/A
Mode of Instruction .....	N/A
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction .....	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.

### **Opinion on State Compliance**

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 the year ended June 30, 2021.

## 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 *2020-21 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,

A handwritten signature in black ink that reads "Linger, Peterson & Shrum". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Linger, Peterson & Shrum  
Fresno, California  
January 26, 2022

## Findings and Recommendations Section

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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?        Yes   X   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   X   No

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

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?        Yes   X   No



**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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? ☐ Yes ☒ No

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

**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."

There were no Financial Statement findings or questioned costs.

**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.

There were no State award findings or questioned costs.

**BUTTONWILLOW UNION SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>2020-001 Internal Control [30000]</p> <p>The District was not able to provide supporting documents for an expenditure made from the Student Body Fund.</p>	Implemented	Not applicable
<p>2020-002 Transportation Maintenance of Effort [40000]</p> <p>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, then they received in the 2012-13 year.</p>	Implemented	Not applicable