

**SIERRA SANDS UNIFIED SCHOOL DISTRICT**

**Board of Education  
Regular Meeting**

**January 16, 2020  
Ridgecrest City Council Chambers  
100 West California Avenue  
Ridgecrest, CA 93555  
[www.ssusd.org](http://www.ssusd.org)**

*We, the members of the Board of Education of the Sierra Sands Unified School District, are committed to providing the highest quality education in a safe environment to all K-12 students. We believe the school shares with the family, church, and community the responsibility for developing life-long learners who are responsible, productive citizens.*

**A G E N D A**

**CALL TO ORDER AND PLEDGE TO THE FLAG**

**7:00 P.M.**

Amy Castillo-Covert  
Bill Farris, Vice President/Clerk  
Tim Johnson  
Kurt Rockwell  
Michael Scott, President

Student Member, Miles May

Dave Ostash, Ed.D., Superintendent

**MOMENT OF SILENCE**

**1. ADOPTION OF AGENDA**

*Welcome to a meeting of the Board of Education. Because we believe you share our concern for the education of the youth of our community, we appreciate and welcome your participation. Copies of the agenda, along with a procedural handout, are available on the wall at the back of the room to assist with your participation in the meeting.*

**2. APPROVAL OF MINUTES of the special meeting of December 17, 2019 and the regular and special meetings of December 12, 2019.**

**3. PROGRAMS AND PRESENTATIONS**

**4. PUBLIC HEARING**

**4.1 Public Hearing for Initial Sunshine Contract Proposal for 2020-21 from the Desert Area**

Guidance Association to the Board of Education

5. REPORTS AND COMMUNICATIONS

5.1 Student Member's Report

5.2 Reports from Members of the Board

5.3 Superintendent's Report

- Enrollment Update

5.4 Report to the Board of Trustees by the Desert Area Teachers Association

5.5 Report to the Board of Trustees by the California School Employees Association

5.6 Communications from the public

*The board will provide time during the discussion of each agenda item for members of the public to comment. At this time, members of the public may address the board on an item not on the agenda. Comments should relate to items of public interest within the board's jurisdiction. The law prohibits the board from taking action on items not on the agenda. If appropriate, your comments will be referred to staff for response. When addressing the board, please state your name and address at the podium and limit your remarks to three minutes. In accordance with the board bylaws, the board will limit the total time for public input to 30 minutes. Those wishing to address the board beyond the 30-minute time limit may do so at the end of the scheduled meeting agenda.*

6. EDUCATIONAL ADMINISTRATION

6.1 Approval of Sierra Sands Unified School District 2018-19 School Accountability Report Cards (SARCs)

6.2 Report to the Board Regarding Accountability Progress and the 2019 California School Dashboard Results

6.3 Approval of School Plans for Student Achievement (SPSA)

7. POLICY DEVELOPMENT AND REVIEW

7.1 Adoption of Board Policy 4119.24, 4219.24, 4319.24, Maintaining Appropriate Adult-Student Interactions

8. PERSONNEL ADMINISTRATION

8.1 Certificated

Employment, resignation, retirement, leave of absence, change of status, termination

8.2 Classified

Employment, resignation, retirement, leave of absence, change of status, termination

8.3 Waiver Request Enabling the District to Assign Individuals in Certificated Positions without Appropriate Credentials

8.4 Adoption of Resolution #20 1920 National School Counseling Week

- 8.5 Presentation of Initial Sunshine Contract Proposal for 2020-21 from Chapter 188 of the California School Employees Association (CSEA) to the Board of Education
- 8.6 Presentation of Initial Sunshine Contract Proposal for 2020-21 from the Board of Education to the Desert Area Guidance Association (DAGA)
- 8.7 Approval of Revised Job Description: Transportation Monitor
- 8.8 Approval of Memorandum of Understanding and Agreement with the Desert Area Teachers Association (DATA) Regarding Salary
- 9. GENERAL ADMINISTRATION
  - 9.1 Gifts to District
  - 9.2 Report to the Board: Nature and Resolution of Complaints with Regard to Deficiencies Related to Instructional Materials, Emergency or Urgent Facilities Conditions that Pose a Threat to the Health and Safety of Pupils or Staff, Teacher Vacancy or Misassignment, as Required by the Williams Act
- 10. CONSTRUCTION ADMINISTRATION
  - 10.1 Report to the Board: Construction Activities and Issues
  - 10.2 Approval to Enter Into an Agreement with A-C Electric Company for Electrical Site Work for 2 Relocatable Classrooms at Vieweg/Richmond Elementary School
  - 10.3 Approval to Negotiate a Contract with Am-Tech Inspection Services for Non-Exigent Earthquake Damage Repair DSA Inspector Services
- 11. BUSINESS ADMINISTRATION
  - 11.1 Report to the Board of Education on Governor's Proposed Budget
  - 11.2 Acceptance of 2018-19 Audit Reports for the Sierra Sands Unified School District
- 12. CONSENT CALENDAR
  - 12.1 Approval of A & B Warrants
  - 12.2 Approval for Burroughs High School Robotics Team to Attend an Out of State Robotics Competition at Council Bluffs, Iowa, April 1-3, 2020
- 13. FUTURE AGENDA
- 14. ADJOURNMENT

The next regular meeting of the Board of Education will be February 20, 2020.

*Any materials required by law to be made available to the public prior to a meeting of the Board of Education of the Sierra Sands Unified School District can be inspected during normal business hours at the district office located at 113 Felspar, Ridgecrest, CA. These materials can also be viewed on the district's internet website at [www.ssusd.org](http://www.ssusd.org).*

*Note: Individuals who require special accommodation, including but not limited to an American Sign Language interpreter, accessible seating, or documentation in accessible formats, should contact the Superintendent's Office at least two days before the meeting date.*



SIERRA SANDS UNIFIED SCHOOL DISTRICT

Minutes of the Special Meeting of the Board of Education

DATE OF MEETING: December 17, 2019  
TIME OF MEETING: 12:00 p.m.  
PLACE OF MEETING: District Office  
MEMBERS PRESENT: Castillo-Covert, Farris, Johnson, Rockwell, Scott  
STAFF PRESENT: Dave Ostash, Ed.D., Superintendent

MOMENT OF SILENCE was observed.

1. ADOPTION OF AGENDA

The agenda was adopted by consensus as written.

2. PERSONNEL ADMINISTRATION

2.1 Approval of Memorandum of Understanding and Agreement with the Desert Area Teachers Association (DATA) for Removal of Article XXII, Agency Fees

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Motion passed to approve the MOU and agreement as presented.  
SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

3. ORGANIZATION OF THE BOARD

3.1 Election of Board President

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Mr. Rockwell nominated Mr. Scott and hearing no other nominations, the nominations were closed. ROCKWELL/FARRIS

Mr. Scott was elected board president by roll call vote.

For Mr. Scott: Castillo-Covert, Farris, Johnson, Rockwell, Scott

3.2 Election of Vice President/Clerk of the Board

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Mr. Johnson nominated Mr. Farris. Hearing no other nominations, the nominations were closed. JOHNSON/SCOTT

Mr. Farris was elected board vice president/clerk by roll call vote.

For Mr. Farris: Castillo-Covert, Farris, Johnson, Rockwell, Scott

3.3 Election of Board Representative and Alternate Representative to the Committee that Elects  
Members to the County Committee on School District Organization

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Mr. Farris nominated Mr. Rockwell as representative and Mr. Johnson as alternate representative to the Committee that Elects Members to the County Committee on School District Organization. Hearing no other nominations, the nominations were closed. FARRIS/CASTILLO-COVERT

Mr. Rockwell and Mr. Johnson were elected by roll call vote.

For Mr. Rockwell and Mr. Johnson: Castillo-Covert, Farris, Johnson, Rockwell, Scott

3.4 Election of Board Representative to Meetings of the National Association of Federally Impacted Schools (NAFIS)

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Mr. Johnson nominated Ms. Castillo-Covert as representative to meetings of the National Association of Federally Impacted Schools (NAFIS). Hearing no other nominations, the nominations were closed. JOHNSON/ROCKWELL

Ms. Castillo-Covert was elected by roll call vote.

For Ms. Castillo-Covert: Castillo-Covert, Farris, Johnson, Rockwell, Scott

4. ADJOURNMENT was at 12:05 p.m.

THE BOARD OF EDUCATION

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Bill Farris, Vice President/Clerk

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Dave Ostash, Ed.D., Secretary to the Board

SIERRA SANDS UNIFIED SCHOOL DISTRICT

Minutes of the Special Meeting of the Board of Education

DATE OF MEETING: December 12, 2019  
TIME OF MEETING: 6:45 p.m.  
PLACE OF MEETING: Ridgecrest City Council Chambers  
MEMBERS PRESENT: Castillo-Covert, Farris, Johnson, Rockwell, Scott  
STAFF PRESENT: Dave Ostash, Ed.D.

MOMENT OF SILENCE was observed.

1. ADOPTION OF AGENDA

The agenda was adopted by consensus as written.

2. CLOSED SESSION

2.1 Employee discipline/dismissal/release

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No action was taken.

3. ADJOURNMENT was at 7:00 p.m.

THE BOARD OF EDUCATION

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Bill Farris, Vice President/Clerk

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Dave Ostash, Ed.D., Secretary to the Board

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## Minutes of the Regular Meeting of the Board of Education

DATE OF MEETING: December 12, 2019

TIME OF MEETING: 7:00 p.m.

PLACE OF MEETING: Ridgecrest City Council Chambers

MEMBERS PRESENT: Castillo-Covert, Farris, Johnson, Rockwell, Scott  
Student Member-Whisnant

STAFF PRESENT: Dave Ostash, Ed.D., Superintendent

PLEDGE OF ALLEGIANCE was recited in unison, led by student board member Lacie Whisnant.

MOMENT OF SILENCE was observed.

### 1. ADOPTION OF AGENDA

The agenda was adopted by consensus as posted hearing the Inyo-Kern Schools Financing Authority (IKSFA) agenda following Item 11.8.

### 2. APPROVAL OF MINUTES

Hearing no comments, the minutes of the special meeting of November 7, 2019 and the regular and special meetings of November 21, 2019 were adopted by consensus as written.

### 3. PROGRAMS AND PRESENTATIONS

President Rockwell and Superintendent Ostash thanked Ms. Lacie Whisnant for her service as the fall semester student board member and presented her with a Certificate of Appreciation and her nameplate.

### 4. PUBLIC HEARING

#### 4.1 Public Hearing for Initial Sunshine Contract Proposal for 2020-21 from the Desert Area Teachers Association to the Board of Education

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President Rockwell opened the public hearing at 7:09 p.m. Hearing no comments, public hearing was closed at 7:10 p.m.

### 5. REPORTS AND COMMUNICATIONS

#### 5.1 Student Member's Report

Murray Middle School: Students are enjoying ASB holiday and spirit activities and the music department will present two winter concerts next week. Basketball season has begun with

the start of games next week. AVID classes have fieldtrips to Death Valley planned for next week and look forward to the ranger led programs on the sand dunes and Golden Canyon. Students competed in the annual Murray Spelling Bee and the winner and runner up will represent Murray at the District Spelling Bee in January 2020.

James Monroe Middle School: A variety of holiday events are underway and the sports banquet was held after a successful season. The reading program has been retooled with access to some technological interventions giving students the opportunity to earn prizes. The students have been incredibly generous to those in need with various fundraisers and needs drives this holiday season.

Mesquite High School: Students have been busy with holiday and spirit activities and invite the board to their annual Christmas Ham Luncheon on December 20, 2019. A representative from the ASVAB Career Exploration program helped students interpret their test results and explore careers related to their scores.

Burroughs High School: Students are preparing for first semester finals. A successful sports season is underway with league games beginning next week. The music program will hold winter concerts next week and the ASB is holding many festive spirit days and events for students and staff to enjoy.

#### 5.2 Reports from Members of the Board

All board members commented on the exceptional CSBA AEC Conference they attended earlier this month and congratulated Board President Rockwell and Superintendent Ostash on the conference presentation they gave in conjunction with representatives from SESAME (Stop Educator Abuse Misconduct & Exploitation).

#### 5.3 Superintendent's Report

Superintendent Ostash reported enrollment is up approximately 67 students over this time last year with a total current enrollment of 5,145. He invited the community to attend the many holiday events taking place throughout the district. Representatives from the Desert Area Teachers Association and the Desert Area Guidance Association met with district personnel in an LCAP consultation meeting. The California Dashboard for 2019 performance data shows the district has improved in several areas and no longer qualifies for the Differentiated Assistance Program. Congratulations to Burroughs High School senior Maddie Acosta who signed with Cal State East Bay in a ceremony today.

#### 5.4 Report to the Board of Trustees by the Desert Area Teachers Association

Eileen Poole, President of the Desert Area Teachers Association, reports they are looking forward to productive negotiations in 2020.

#### 5.5 Report to the Board of Trustees by the California School Employees Association

No report was given.

#### 5.6 Communications from the Public

No members of the public commented during this period.

6. EDUCATIONAL ADMINISTRATION

7. POLICY DEVELOPMENT AND REVIEW

7.1 Approval of Board Policy 0520, Intervention for Underperforming Schools

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7.2 Approval of Board Policy 0520.1, Comprehensive and Targeted Support and Improvement

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7.3 Approval of Board Policy and Administrative Regulation 0460, Local Control and Accountability Plan

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7.4 Adoption of Board Policy 5131.8, Mobile Communication Devices

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Motion passed to approve adoption of Items 7.1 through 7.4 as presented.  
FARRIS/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

7.5 First Reading of Board Policy 4119.24, 4219.24, 4319.24, Maintaining Appropriate Adult-Student Interactions

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No action was taken.

8. PERSONNEL ADMINISTRATION

8.1 Certificated  
Employment, resignation, retirement, leave of absence, change of status, termination

8.2 Classified  
Employment, resignation, retirement, leave of absence, change of status, termination

Motion passed to approve Items 8.1-8.2 as presented. SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

8.3 Presentation of Initial Sunshine Contract Proposal for 2020-21 from the Board of Education to the Desert Area Teachers Association

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Assistant Superintendent of Human Resources presented DATA President, Eileen Poole, with their initial sunshine contract proposal for 2020-21 on behalf of the board.

8.4 Presentation of Initial Sunshine Contract Proposal for 2020-21 from Chapter 188 of the California School Employees Association (CSEA) to the Board of Education

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Motion passed to receive the proposal. FARRIS/SCOTT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

After the board voted to approve receiving the proposal, no CSEA representative was in attendance to present the proposal.

8.5 Presentation of Initial Sunshine Contract Proposal for 2020-21 from the Desert Area Guidance Association (DAGA) to the Board of Education

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Motion passed to receive the proposal. CASTILLO-COVERT/SCOTT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

DAGA president Brianna Rivera presented the board with their initial sunshine contract proposal for 2020-21.

9. GENERAL ADMINISTRATION

9.1 Gifts to District

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Motion passed to accept the following gift: Catherine Mattox donated art supplies with an estimated cash value of \$3,000 to the visual arts program at Burroughs High School. SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

9.2 Designation of Date and Time of the Organizational Meeting of the Board

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Motion passed to designate December 17, 2019 at 12:00 noon as the organizational meeting of the board. SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

10. CONSTRUCTION ADMINISTRATION

10.1 Report to the Board: Construction Activities and Issues

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Sierra Sands Director of Construction Randy Coit reported on constructive activities taking place throughout the district.

Richmond/Vieweg: Two additional modular classrooms arrived over the Thanksgiving break. Electrical, digital, and concrete work progress will be reported at the January 16, 2020 board meeting. The new fire system design is complete and under review. The foam roof project has been delayed due to inclement weather.

Parker Performing Arts Center: The T-bar ceiling is being designed and the district is awaiting a report on any hazardous conditions.

New Richmond Elementary: The environmental report and CDE approval are in progress.

10.2 Approval of Fire Alarm Repair and Replacement Contract with Tel-Tec Security Systems for Gateway Elementary School

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Motion passed to approve the contract as presented. FARRIS/SCOTT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

## 11. BUSINESS ADMINISTRATION

### 11.1 Adoption of Resolution #15 1920 Regarding the Annual Accounting of Developer Fees for the 2018-19 Fiscal Year (Capital Facilities Fund-Fund 25)

Motion passed to adopt the resolution as presented. SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.2 Adoption of Resolution #16 1920 Regarding Release of Excess Impounded Tax Revenues to Anticipate Pending Claims and/or Litigation (Impounds-Fund77)

Motion passed to adopt the resolution as presented. SCOTT/FARRIS

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.3 Approval to Enter Into an Agreement with Government Financial Strategies for Civic Engagement Committee Process

Motion passed to approve entering into an agreement as presented.  
CASTILLO-COVERT/SCOTT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.4 Adoption of Resolution #17 1920 to Enter into an Agreement with Enterprise Fleet Management for Fleet Vehicle Leasing Using Sourcewell Contract 060618-EFM

Motion passed to adopt the resolution as presented. SCOTT/FARRIS

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.5 Approval to Enter into an Agreement with Parker & Covert for Bond Counsel Services

Motion passed to approve entering into an agreement as presented.  
FARRIS/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.6 Approval to Enter into an Agreement with EMC Research for a Public Opinion Survey

Motion passed to approve entering into an agreement as presented.  
CASTILLO-COVERT/FARRIS

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

### 11.7 Adoption of Resolution #18 1920 Implementing Prequalification of Construction Contractors under Public Contract Code 20111.6 Utilizing the Quality Bidders Questionnaire/Service

Motion passed to adopt the resolution as presented. SCOTT/FARRIS

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott



11.8 Approval of First Interim Report for Fiscal Year 2019-20

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Motion passed to approve the report as presented. SCOTT/CASTILLO-COVERT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

President Rockwell temporarily adjourned the Sierra Sands Unified School District board meeting at 8:31 p.m. and opened the meeting of the Board of Directors of the Inyo-Kern Schools Financing Authority. The Sierra Sands Unified School District Board of Education meeting was reopened at 8:32 p.m.

12. CONSENT CALENDAR

12.1 Approval of A & B Warrants

12.2 Approval for Burroughs High School Key Club to Attend an Out of State Key Club District Convention in Reno, Nevada from March 13-15 2020

Motion passed to approve the consent calendar as presented. FARRIS/SCOTT

AYES: Castillo-Covert, Farris, Johnson, Rockwell, Scott

13. FUTURE AGENDA

14. ADJOURNMENT was at 8:33 p.m.

THE BOARD OF EDUCATION

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Bill Farris, Vice President/Clerk

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Dave Ostash, Ed.D., Secretary to Board

Recorder: Diane Naslund

4. PUBLIC HEARING

4.1 Public Hearing for Initial Sunshine Contract Proposal for 2020-21 from the Desert Area Guidance Association to the Board of Education

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BACKGROUND INFORMATION: The Desert Area Guidance Association submitted its initial sunshine contract proposal for the 2020-21 school year to the Board of Education at its regular meeting of December 12, 2019.

CURRENT CONSIDERATIONS: A public hearing provides time for comment on this proposal.

FINANCIAL IMPLICATIONS: None at this time.

SUPERINTENDENT'S RECOMMENDATION: Conduct a public hearing on the proposal for Initial Sunshine Contract Proposal for 2020-21 from the Desert Area Guidance Association to the Board of Education.

**Sierra Sands Unified School District  
Month 4 Enrollment 2019-2020**

SCHOOL	2019-20 YTD%	2018-19 YTD%	TK-K	1	2	3	4	5	6	7	8	9-12	SDC	2019-20 TOTAL	2018-19 TOTAL	CHANGE
FALLER	96.7%	96.4%	96	70	88	86	75	88					11	514	476	38
GATEWAY	95.7%	95.5%	69	57	68	65	76	57						392	390	2
INYOKERN	95.6%	95.3%	32	23	24	29	33	27					20	188	183	5
LAS FLORES	96.8%	96.3%	87	77	79	88	77	83						491	481	10
PIERCE	95.6%	95.8%	80	61	57	44	53	62					32	389	404	-15
RICHMOND ANNEX	92.7%	92.9%											61	61	102	-41
RICHMOND	96.0%	96.3%	68	43	56	59	58	59						343	338	5
TOTAL K -5	96.1%	95.9%	432	331	372	371	372	376					124	2378	2374	4
MONROE	95.7%	95.6%							133	160	164		35	492	485	7
MURRAY	96.1%	96.2%							233	212	229		31	705	652	53
TOTAL 6 -8	95.9%	95.9%							366	372	393		66	1197	1137	60
BURROUGHS	95.5%	95.1%										1400	81	1481	1509	-28
MESQUITE	89.9%	97.7%										79		79	63	16
TOTAL 9 - 12												1479	81	1560	1572	-12
19-20 TOTAL	95.9%		432	331	372	371	372	376	366	372	393	1479	271	5135	---	---
18-19 TOTAL		95.7%	404	369	370	365	386	350	357	358	357	1499	268		5083	---
CHANGE		0.20%	28	-38	2	6	-14	26	9	14	36	-20	3	---	---	52

**Elementary K - 5**

Regular	2019-20	2018-19
K	432	404
1 - 3	1074	1104
4 - 5	748	736
<b>Special Education</b>		
SDC	124	130
RSP	99	95

**Middle 6-8**

Regular	2019-20	2018-19
Regular	1131	1072
<b>Special Education</b>		
SDC	66	65
RSP	94	80

**High School 9 - 12**

Regular	2019-20	2018-19
Regular	1400	1436
Continuation	79	63
<b>Special Education</b>		
SDC	81	73
RSP	121	121

**Adult** 258 150

## 6. EDUCATIONAL ADMINISTRATION

### 6.1 Approval of Sierra Sands Unified School District 2018-19 School Accountability Report Cards (SARCs)

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BACKGROUND INFORMATION: Since November 1988, state law has required all public schools receiving state funding to prepare and distribute a School Accountability Report Card (SARC). The purpose of the report card is to provide parents and the community with important information about each public school.

CURRENT CONSIDERATIONS: Education Code 35256 requires the governing board to approve all district School Accountability Report Cards (SARCs) and evaluate the data contained in the SARCs as part of the board's regular review of the effectiveness of the district's programs, personnel, and fiscal operations.

To access the most recent reports, stakeholders may access the link to the district website at the following address:

[http://www.ssusd.org/departments/curriculum\\_instruction/school\\_accountability\\_report\\_cards](http://www.ssusd.org/departments/curriculum_instruction/school_accountability_report_cards)

FINANCIAL IMPLICATIONS: With this information posted on the district website, the cost of wide distribution of these reports has been eliminated. The cost of having a small number of hard copies printed and available is minimal.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board approve all district School Accountability Report Cards (SARCs) for the 2018-19 school year as presented.

## 6. EDUCATIONAL ADMINISTRATION

### 6.2 Report to the Board Regarding Accountability Progress and the 2019 California School Dashboard Results

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BACKGROUND INFORMATION: Based on the 2013 Local Control Funding Formula (LCFF), California's new accountability system is comprised of multiple measures. The measures are used to determine Local Education Agency (LEA) and school progress toward meeting the needs of their students. The California School Dashboard is an integral component of the accountability and continuous improvement system. It reports performance and progress on both state and local indicators. The six state indicators are comprised of High School Graduation Rate, Academic Performance, Suspension Rate, English Learner Progress, Preparation for College/Career, and Chronic Absenteeism. The local indicators are presented at the regular board meeting in October.

CURRENT CONSIDERATIONS: The state's accountability system utilizes the Dashboard to report progress as well as to support districts in identifying strengths and areas for improvement, assist in determining whether districts are eligible for assistance, and to assist the State Superintendent of Public Instruction in determining whether districts are eligible for more intensive state support and intervention. The district's 2019 Dashboard results indicate that the district no longer qualifies for Differentiated Assistance due to the progress made in multiple state indicators. The district, along with input and consultation from various stakeholder groups, responds to the Dashboard data trends through the Local Control Accountability Plan (LCAP) and each school site, along with input from stakeholders, responds to site Dashboard trends through the School Plan for Student Achievement (SPSA).

FINANCIAL IMPLICATIONS: The financial implications related to the 2019 Dashboard trends are addressed in the district's Local Control Accountability Plan.

SUPERINTENDENT'S RECOMMENDATION: This report is for informational purposes and does not require board approval.

# Sierra Sands Unified School District Board Meeting



## **Accountability Progress Report** January 16, 2020

# An Integrated Accountability System: Dashboard

Rather than developing two accountability systems--one that meets state requirements (Local Control Funding Formula/LCFF) and another that meets federal requirements (Every Student Succeeds Act/ESSA)--an integrated local, state, and federal accountability and continuous improvement system founded on the LCFF priority areas that also aligns to ESSA requirements has been developed.

The accountability system, based on multiple measures, uses the Dashboard, which includes state and local performance standards for all LCFF priorities, to report progress. These performance standards will be used to:

1. Support districts in identifying strengths and areas for improvement;
2. Assist in determining whether LEAs are eligible for assistance; and
3. Assist the State Superintendent of Public Instruction in determining whether districts are eligible for more intensive state support/intervention.

# 2019 Dashboard State Indicators

- **What is reported?** Six state measures or indicators allow for comparisons across schools and districts based on information collected statewide.

**Graduation Rate**

**Academic Performance**

**Suspension Rate**

**English Learner Progress**

**College and Career Readiness**

**Chronic Absenteeism**

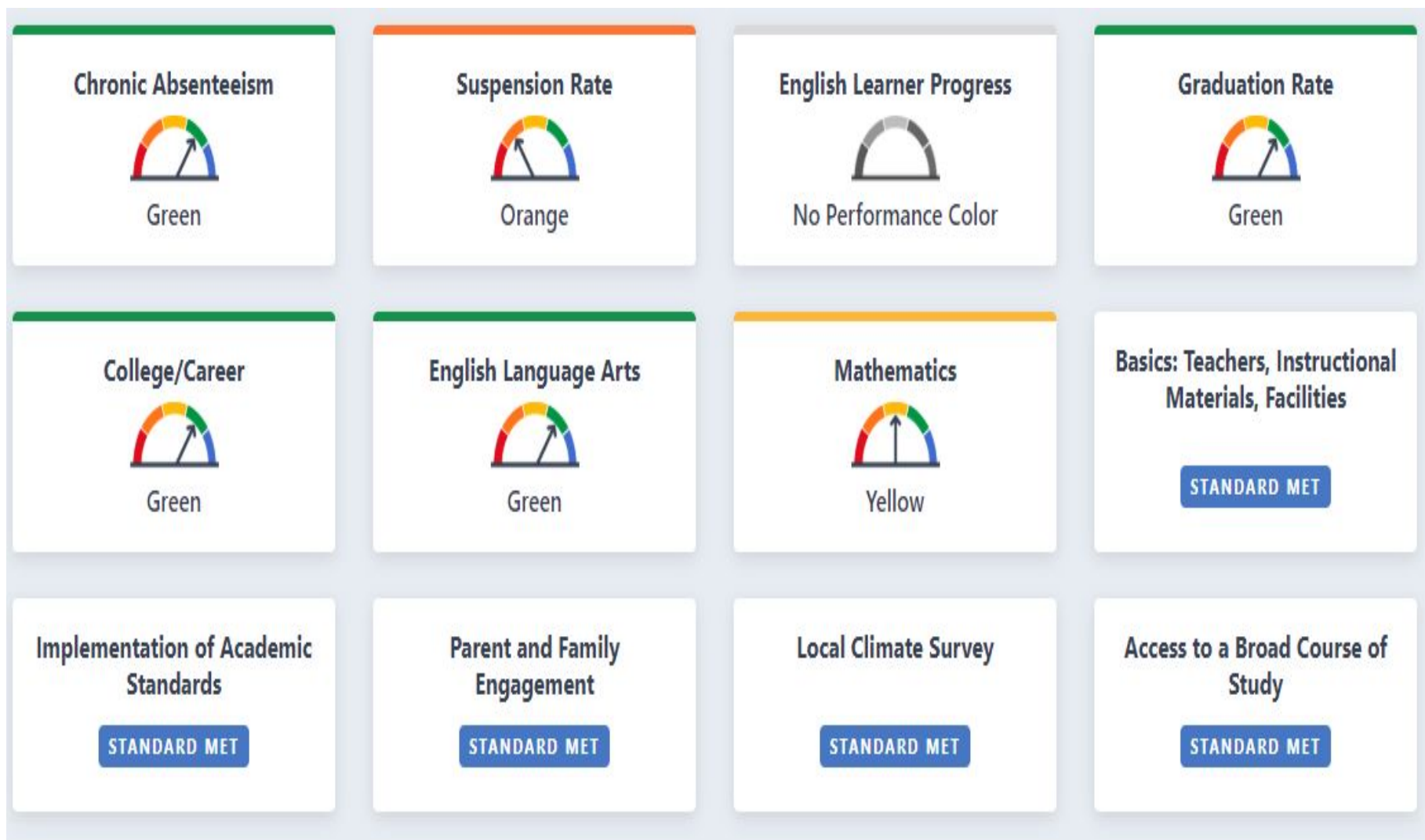
- **How are the indicators reported?** Performance is based on two factors: Current data (2019) and improvement or lack of improvement from prior year (2018) results. These calculations are based on a 5x5 grid for each measure.

Level	Declined Significantly	Declined	Maintained	Increased	Increased Significantly
Very High	Yellow	Green	Blue	Blue	Blue
High	Orange	Yellow	Green	Green	Blue
Medium	Orange	Orange	Yellow	Green	Green
Low	Red	Orange	Orange	Yellow	Yellow
Very Low	Red	Red	Red	Orange	Yellow

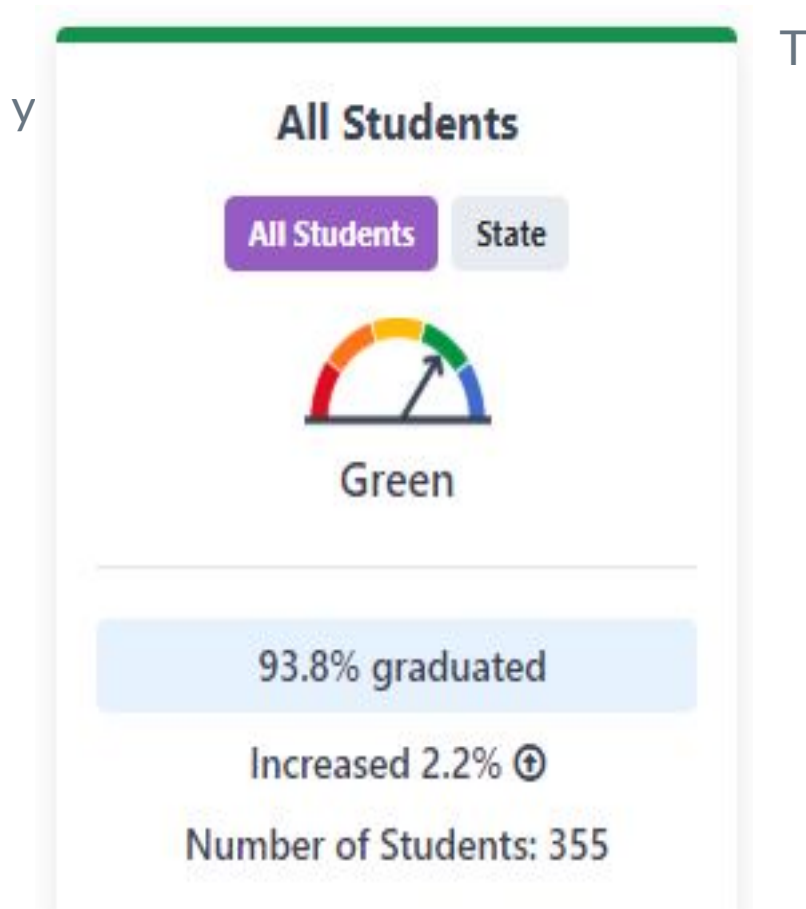




# Sierra Sands Unified School District 2019



# Graduation Rate



Percentage of students who received a high school diploma within four or five years of entering 9th grade or complete their graduation requirements at an alternative school.

## **Burroughs High School (N=309):**

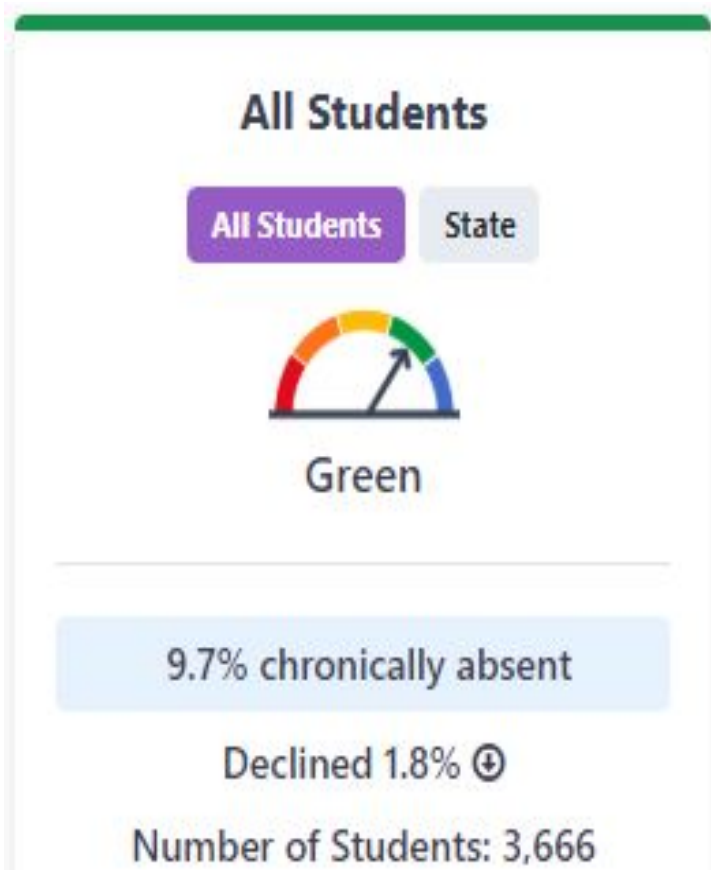
Status: High Change Level: Maintained  
18-19 Rate: 94.5%

## **Mesquite High School (N=24):**

Status: High Change Level: Increased  
18-19 Rate: 85.7%

State: 85.9%, Increased 2.2%  
Number of Students: 509,219

# Chronic Absenteeism Rate



Percentage of K-8th grade students who were absent for 10 percent or more of the total instructional school days. For example, most schools have 180 instructional days; if a student is absent 18 or more of those days, the student would be considered chronically absent.

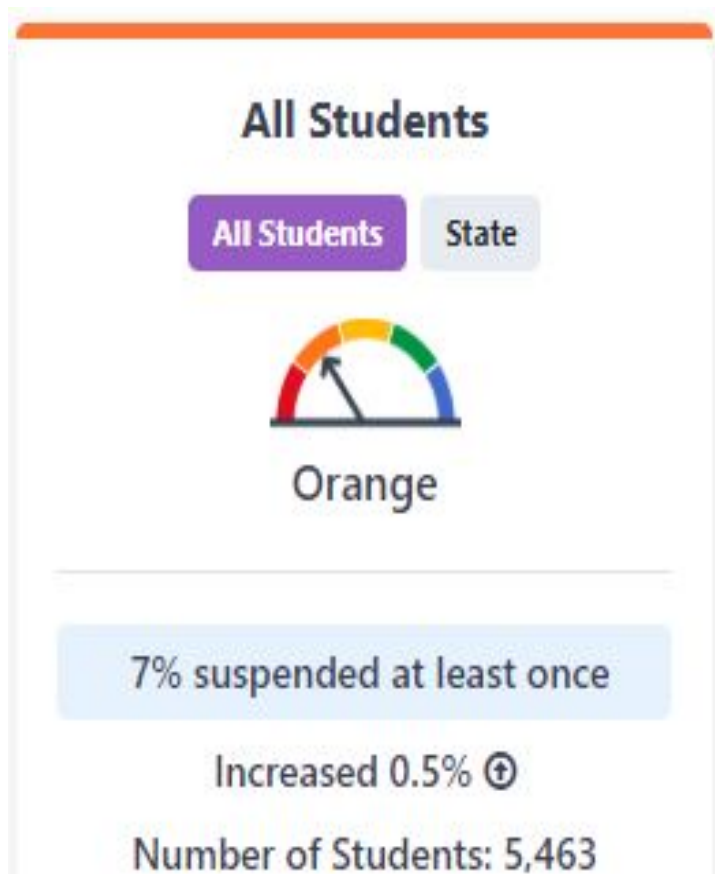
State: 10.1%, Increased 1.1%  
Number of Students: 4,279,575

# Chronic Absenteeism Rate: Student Group

<u>Student Group</u>	<u>Color</u>	<u>Status Level</u>	<u>Change Level</u>	<u>Current chronic absenteeism rate</u>		<u>Difference between current and prior rate</u>
All Students	Green	Medium	Declined	355	9.7%	-1.8%
English Learners	Green	Medium	Declined	28	9.8%	-1.1%
Foster Youth	Yellow	High	Declined	3	13.0%	-15.2%
Homeless	Orange	Very High	Declined	17	32.7%	-7.6%
Socioeconomically Disadvantaged	Yellow	High	Declined	317	12.7%	-2.5%
Students with Disabilities	Yellow	High	Declined Significantly	85	16.3%	-4.3%
African American	Orange	High	Increased	41	19.8%	1.0%
American Indian or Alaska Native	Green	Medium	Declined	3	7.1%	-12.5%
Asian	Blue	Very Low	Maintained	1	1.4%	0.1%
Filipino	Yellow	Medium	Maintained	4	7.1%	-0.1%
Hispanic	Yellow	High	Declined	115	10.7%	-2.6%
Native Hawaiian or Pacific Islander	None	Medium	Increased	1	5.9%	1.1%
White	Green	Medium	Declined	173	8.5%	-1.8%
Two or More Races	Yellow	High	Declined	17	10.6%	-0.7%

The performance level (color) is not included when there are < 30 students in the current or prior year

# Suspension Rate



Percentage of K-12th grade students who have been suspended at least once in a given school year. Students who are suspended multiple times are only counted once.

State: 3.4%, Maintained -0.1%  
Number of Students: 6,362,507



# Suspension Rate

<u>Student Group</u>	<u>Color</u>	<u>Status Level</u>	<u>Change Level</u>	<u>CURRENT STATUS - 2018-19 Suspension Rate</u>		<u>CHANGE - Difference between 2018-19 Suspension Rate and 2017-18 Suspension Rate</u>
All Students	Orange	High	Increased	385	7.0%	0.5%
English Learners	Orange	High	Maintained	24	6.7%	-0.1%
Foster Youth	Orange	Very High	Declined	3	10.7%	-5.3%
Homeless	Yellow	High	Declined	4	6.0%	-1.3%
Socioeconomically Disadvantaged	Red	Very High	Maintained	306	8.5%	0.2%
Students with Disabilities	Orange	Very High	Declined	83	10.9%	-1.0%
African American	Yellow	Very High	Declined Significantly	32	10.1%	-2.2%
American Indian or Alaska Native	Yellow	High	Declined	5	7.8%	-3.1%
Asian	Green	Low	Maintained	3	2.3%	-0.1%
Filipino	Orange	High	Increased	5	4.7%	2.8%
Hispanic	Yellow	High	Declined	108	6.9%	-0.3%
Native Hawaiian or Pacific Islander	Red	Very High	Increased	5	13.9%	7.2%
White	Orange	High	Increased	219	7.2%	1.3%
Two or More Races	Green	Medium	Declined	8	4.2%	-1.8%

The performance level (color) is not included when there are < 30 students in the current or prior year

# English Learner Progress Indicator



State: 48.3%, Performance: Med.  
Number of EL Students: 844,257

The percentage of current EL students making progress towards English language proficiency or maintaining the highest level. Only the status is reported this year in the Dashboard.

**Assessments:** ELs take the ELPAC exam to measure progress towards English language proficiency. The ELPAC has 4 levels.



**Accountability:** The 4 ELPAC levels were divided into 6 ELPI levels to determine whether ELs made progress toward English language proficiency.

# Academic Performance: English Language Arts

- Students receive a scale score for ELA and math Smarter Balanced assessments. Scale score ranges vary by grade level. The scale score corresponds to one of four achievement levels:

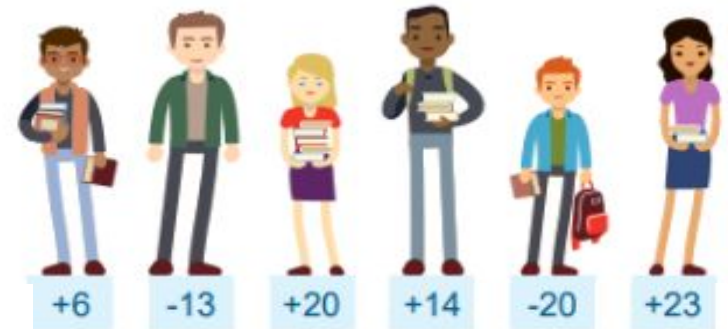
Standard Not Met/Level 1

Standard Nearly Met/Level 2

Standard Met/Level 3

Standard Exceeded/Level 4

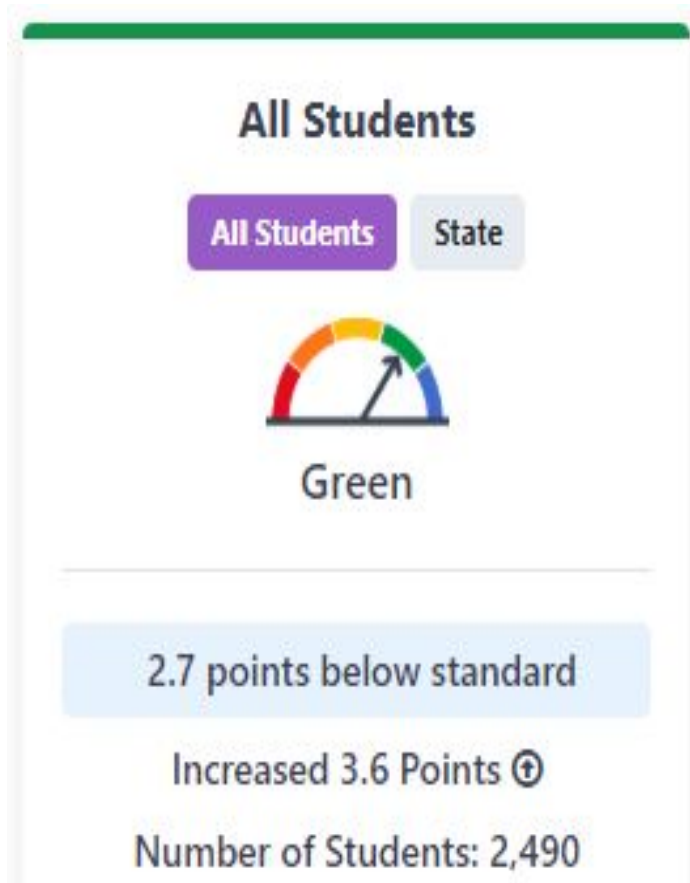
- The distance from the lowest possible score for “Standard Met” is called the Distance from Standard (DFS). A DFS is calculated for each student in ELA and math.
- The overall DFS for a school or district is the average of all students’ DFS values.



$$\frac{6 - 13 + 20 + 14 - 20 + 23}{6} = 5 \text{ points}$$



# Academic Performance: English Language Arts



Average of all 3rd-8th and 11th grade students distance from meeting the grade level ELA standards on either the Smarter Balanced Summative Assessment or the California Alternative Assessment.

State: 3.0 points below standard

Increased 3.1 points

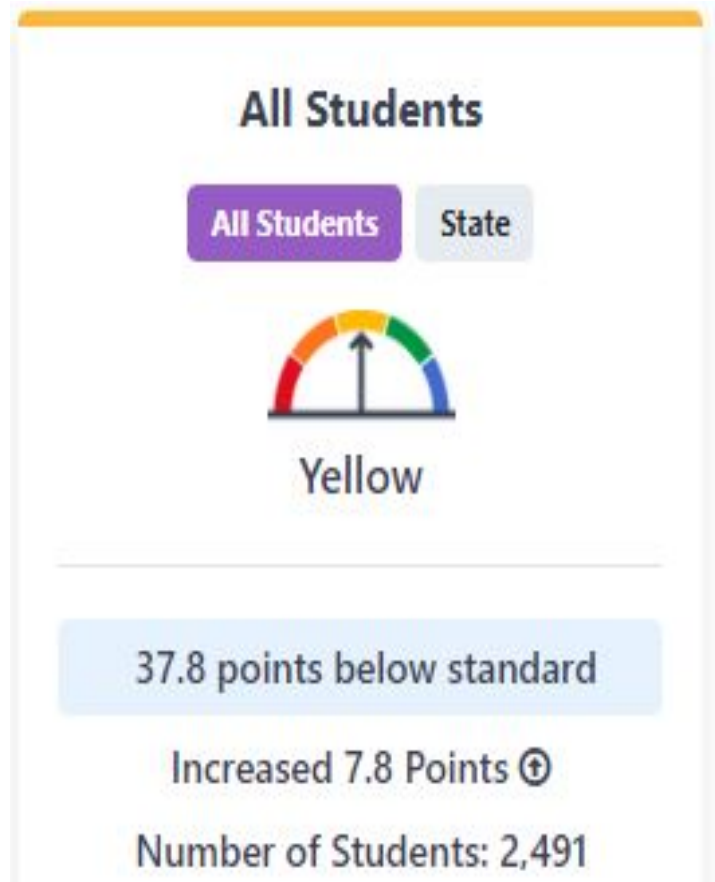
Number of Students: 3,189,965

# Academic Performance: English Language Arts

<u>Student Group</u>	<u>Color</u>	<u>Status Level</u>	<u>Change Level</u>	<u>CURRENT STATUS - Average distance from Standard</u>	<u>CHANGE - Difference between current status and prior status</u>
All Students	Green	Medium	Increased	-2.7	3.6
English Learners	Yellow	Low	Increased	-48.7	10.1
Foster Youth	None	Low	Increased Significantly	-51.3	61.6
Homeless	None	Low	Declined Significantly	-58.3	-53.5
Socioeconomically Disadvantaged	Yellow	Low	Increased	-24	6.9
Students with Disabilities	Orange	Very Low	Increased	-84.6	14
African American	Yellow	Low	Increased	-43.5	3.4
American Indian or Alaska Native	Green	Medium	Increased	1.1	10.6
Asian	Blue	Very High	Increased Significantly	83.2	26.5
Filipino	Green	High	Increased	36.3	13.9
Hispanic	Yellow	Low	Increased	-25.7	7.7
Native Hawaiian or Pacific Islander	None	Medium	Increased	2.3	11
White	Yellow	Medium	Maintained	8.5	1.7
Two or More Races	Orange	Low	Maintained	-5.6	-1.8

The performance level (color) is not included when there are < 30 students in the current or prior year 30 13

# Academic Performance: Mathematics



Average of all 3rd-8th and 11th grade students distance from meeting the grade level math standards on either the Smarter Balanced Summative Assessment or the California Alternative Assessment.

State: 33.5 points below standard

Maintained 2.9 points/Orange

Number of Students: 3,183,085

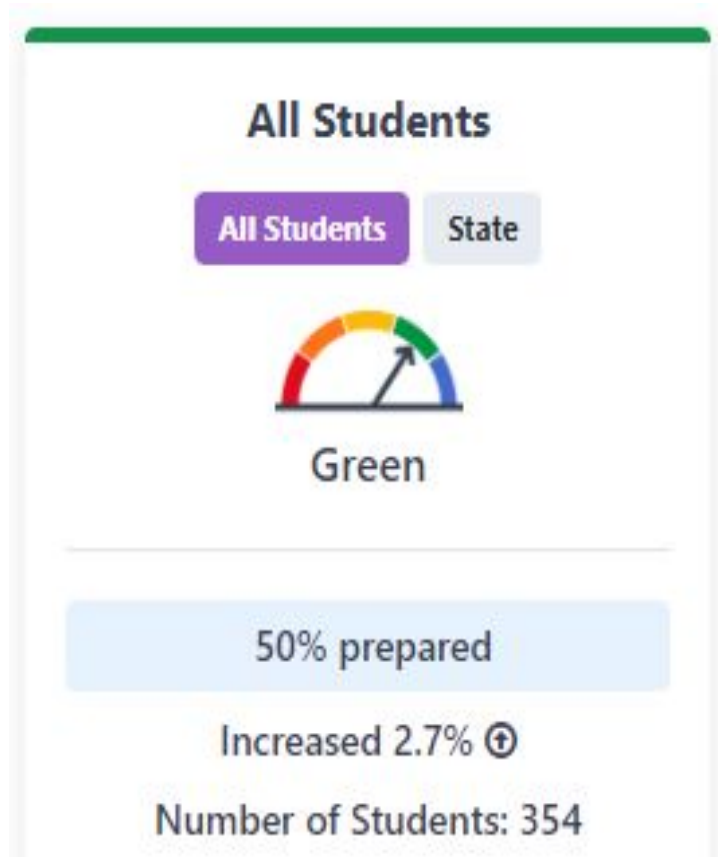
# Academic Performance: Mathematics

<u>Student Group</u>	<u>Color</u>	<u>Status Level</u>	<u>Change Level</u>	<u>CURRENT STATUS - Average distance from Standard</u>	<u>CHANGE - Difference between current status and prior status</u>
All Students	Yellow	Low	Increased	-37.8	7.8
English Learners	Yellow	Low	Increased	-74.9	9.1
Foster Youth	None	Very Low	Increased Significantly	-95.4	15.9
Homeless	None	Low	Decreased Significantly	-84.9	-55.4
Socioeconomically Disadvantaged	Yellow	Low	Increased	-58.8	8.7
Students with Disabilities	Orange	Very Low	Increased Significantly	-116.8	22.7
African American	Yellow	Low	Increased	-84.8	10.3
American Indian or Alaska Native	Yellow	Low	Increased	-46.1	14.5
Asian	Blue	Very High	Increased Significantly	66.5	23.5
Filipino	Yellow	Medium	Maintained	-21.7	0
Hispanic	Yellow	Low	Increased	-60.1	11.8
Native Hawaiian or Pacific Islander	None	Low	Increased Significantly	-58.1	21.2
White	Yellow	Low	Increased	-26.7	6.1
Two or More Races	Green	Medium	Increased	-24.7	10

The performance level (color) is not included when there are < 30 students in the current or prior year <sup>32</sup> 15

# College & Career Readiness

Percentage of high school graduates who are in the “prepared” level on the College and Career Readiness indicator.



State: 44.1% prepared

Maintained 1.8%/Yellow

Number of Students: 504,059



# College & Career Readiness

<b><u>Student Group</u></b>	<b><u>Color</u></b>	<b><u>Status Level</u></b>	<b><u>Change Level</u></b>	<b>Current Status</b>	<b>Change 17/18</b>
All Students	Green	Medium	Increased	50.0%	2.7%
English Learners	None	Low	Maintained	20.8%	-0.6%
Foster Youth	None	--	--	%	%
Homeless	None	--	--	%	%
Socioeconomically Disadvantaged	Green	Medium	Increased	44.1%	2.5%
Students with Disabilities	Yellow	Low	Increased	16.1%	9.9%
African American	None	Low	Declined Significantly	18.2%	-12.6%
American Indian or Alaska Native	None	--	--	%	%
Asian	None	Medium	--	53.8%	%
Filipino	None	--	--	%	%
Hispanic	Green	Medium	Increased	41.1%	3.7%
Native Hawaiian or Pacific Islander	None	--	--	%	%
White	Green	High	Increased	57.2%	8.2%
Two or More Races	None	--	--	%	%

# Local Control Accountability Plans and Site Plans for Student Achievement

The district no longer qualifies for Differentiated Assistance due to the progress made in the state indicators.

The district along with input and consultation from various stakeholder groups responds to the Dashboard data trends through the Local Control Accountability Plan (LCAP).

Each school site along with input from stakeholders responds to site Dashboard trends through the School Plan for Student Achievement (SPSA).

**Questions?**

## 6. EDUCATIONAL ADMINISTRATION

### 6.3 Approval of School Plans for Student Achievement (SPSA)

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**BACKGROUND INFORMATION:** All schools receiving state and federal categorical program funds are required to develop site-level educational plans addressing annual program priorities. These plans, developed by site staffs and School Site Councils, define actions to meet annual goals. Sierra Sands Unified School District schools have consistently incorporated the district's strategic plan goals and action components in their School Plans for Student Achievement, thereby aligning school-level program priorities with district-wide goals and priorities. In addition, site plans address programmatic requirements of the state and federal categorical programs in which each school participates.

Once a School Plan for Student Achievement has been developed and approved by the School Site Council, it must be reviewed continually to determine which goals, strategies, and expenditures should be modified to ensure that the program is current and capable of meeting the needs of all of the school's students. Modifications in the plan to reflect changing needs and priorities of the school are made by the School Site Council and presented to the board as needed.

**CURRENT CONSIDERATIONS:** School site personnel and School Site Councils have been meeting this fall to analyze data, update instructional program priorities, and revise School Plans for Student Achievement.

**FINANCIAL IMPLICATIONS:** Board approved School Plans for Student Achievement are required for schools receiving categorical funding.

**SUPERINTENDENT'S RECOMMENDATION:** It is recommended that the Board of Education approve the School Plans for Student Achievement for the 2019-20 school year as presented.

The School Plans are available as a separate attachment and also available for review at the district office.



## 7. POLICY DEVELOPMENT AND REVIEW

### 7.1 Adoption of Board Policy 4119.24, 4219.24, 4319.24, Maintaining Appropriate Adult-Student Interactions

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BACKGROUND INFORMATION: The Assistant Superintendent of Human Resources has reviewed selected board policies and administrative regulations as a result of recommendations for revisions from the California School Boards Association (CSBA) policy service. This proposed policy is a new optional policy for district and board consideration.

CURRENT CONSIDERATIONS: This new optional policy addresses the avoidance of unlawful and inappropriate interactions between staff and students, an employee's responsibility to report another employee's violation of this policy, disciplinary consequences for staff, referral to law enforcement when appropriate, the requirement to post the code of conduct on school and/or district websites, and examples of conduct that are inappropriate or can create the appearance of impropriety. The first reading occurred at the December 12, 2019 board meeting.

FINANCIAL IMPLICATIONS: None.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board adopt Board Policy 4119.24, 4219.24, 4319.24, Maintaining Appropriate Adult-Student Interactions as presented.

*Maintaining Appropriate Adult-Student Interactions*

*The Governing Board desires to provide a positive school environment that protects the safety and well-being of district students. The Board expects all adults with whom students may interact at school or in school-related activities, including employees, independent contractors, and volunteers, to maintain the highest professional and ethical standards in their interactions with students both within and outside the educational setting. Such adults shall not engage in unlawful or inappropriate interactions with students and shall avoid boundary-blurring behaviors that undermine trust in the adult-student relationship and lead to the appearance of impropriety.*

*(cf. 4119.21/4219.21/4319.21 - Professional Standards)*

*Employees are prohibited from entering into or attempting to form a romantic or sexual relationship with any student or engaging in sexual harassment of a student, including sexual advances, flirtations, requests for sexual favors, inappropriate comments about a student's body or appearance, or other verbal, visual, or physical conduct of a sexual nature.*

*(cf. 5145.7 - Sexual Harassment)*

*Adults shall not intrude on a student's physical or emotional boundaries unless necessary in an emergency or to serve a legitimate purpose related to instruction, counseling, student health, or student or staff safety.*

*Any employee who observes or has knowledge of another employee's violation of this policy shall report the information to the Superintendent or designee or appropriate agency for investigation pursuant to the applicable complaint procedures. Other adults with knowledge of any violation of this policy are encouraged to report the violation to the Superintendent or designee. The Superintendent or designee shall protect anyone who reports a violation from retaliation. Immediate intervention shall be implemented when necessary to protect student safety or the integrity of the investigation.*

*(cf. 1312.1 - Complaints Concerning District Employees)*

*(cf. 1312.3 - Uniform Complaint Procedures)*

*(cf. 5141.4 - Child Abuse Prevention and Reporting)*

*Employees who engage in any conduct in violation of this policy, including retaliation against a person who reports the violation or participates in the complaint process, shall be subject to discipline, up to and including dismissal. Any other adult who violates this policy may be barred from school grounds and activities in accordance with law. The Superintendent or designee may also notify law enforcement as appropriate.*

*(cf. 4117.7/4317.7 - Employment Status Reports)*

*Maintaining Appropriate Adult-Student Interactions*

*(cf. 4118 - Dismissal/Suspension/Disciplinary Action)*

*(cf. 4218 - Dismissal/Suspension/Disciplinary Action)*

*The district's employee code of conduct addressing interactions with students shall be provided to parents/guardians at the beginning of each school year and shall be posted on school and/or district web sites. (Education Code 44050)*

*(cf. 1113 - District and School Web Sites)*

*(cf. 5145.6 - Parental Notifications)*

*Inappropriate Conduct*

*Employees shall remain vigilant of their position of authority and not abuse it when relating with students. Examples of employee conduct that can undermine professional adult-student interactions or create the appearance of impropriety include, but are not limited to:*

- 1. Initiating inappropriate physical contact*
- 2. Being alone with a student outside of the view of others*
- 3. Visiting a student's home or inviting a student to visit the employee's home without parent/guardian consent*
- 4. Maintaining personal contact with a student that has no legitimate educational purpose, by phone, letter, electronic communications, or other means, without including the student's parent/guardian or the principal*

*When communicating electronically with students, employees shall use district equipment or technological resources when available. Employees shall not communicate with students through any medium that is designed to eliminate records of the communications. The Superintendent or designee may monitor employee usage of district technology at any time without advance notice or consent.*

*(cf. 4040 - Employee Use of Technology)*

- 5. Creating or participating in social networking sites for communication with students, other than those created by the district, without the prior written approval of the principal or designee*
- 6. Inviting or accepting requests from students, or former students who are minors, to connect on personal social networking sites (e.g., "friending" or "following" on social media),*

*Personnel*

*BP 4119.24, 4219.24, 4319.24 (c)*

*Maintaining Appropriate Adult-Student Interactions*

*unless the site is dedicated to school business*

- 7. Singling out a particular student for personal attention and friendship, including giving gifts and/or nicknames to individual students*
- 8. Addressing a student in an overly familiar manner, such as by using a term of endearment*
- 9. Socializing or spending time with students outside of school-sponsored events, except as participants in community activities*
- 10. Sending or accompanying students on personal errands unrelated to any legitimate educational purpose*
- 11. Transporting a student in a personal vehicle without prior authorization*
- 12. Encouraging students to confide their personal or family problems and/or relationships*
- 13. Disclosing personal, family, or other private matters to students or sharing personal secrets with students*

*Legal Reference*

*EDUCATION CODE*

*44030.5 Employment status reports*

*44050 Employee code of conduct; employee interactions with students*

*44242.5 Reports and review of alleged misconduct*

*44940 Sex offenses and narcotic offenses; compulsory leave of absence*

*48980 Parental notifications*

*PENAL CODE*

*11164-11174.3 Child Abuse and Neglect Reporting Act*

*CODE OF REGULATIONS, TITLE 5*

*80303 Reports of change in employment status, alleged misconduct*

*80304 Notice of sexual misconduct*

*Policy*

*Adoption: January 16, 2020*

*SIERRA SANDS UNIFIED SCHOOL DISTRICT  
Ridgecrest, California*

8. PERSONNEL ADMINISTRATION

8.1 CERTIFICATED PERSONNEL

8.11 RESIGNATION, TERMINATION\*, SEPARATION\*\*, RETIREMENT\*\*\*

8.12 LEAVE OF ABSENCE

8.13 EMPLOYMENT

8.14 CHANGE OF STATUS

RECOMMENDED ACTION: To approve certificated personnel actions as presented.

8.2 CLASSIFIED PERSONNEL

8.21 RESIGNATION, TERMINATION\*, SEPARATION\*\*, RETIREMENT\*\*\*

8.22 LEAVE OF ABSENCE

8.23 EMPLOYMENT

8.24 CHANGE OF STATUS

RECOMMENDED ACTION: To approve classified personnel actions as presented.

8. PERSONNEL ADMINISTRATION

8.1 CERTIFICATED PERSONNEL

8.11 RESIGNATION, TERMINATION\*, SEPARATION\*\*, RETIREMENT\*\*\*

Robin Gabriel  
Counselor – James Monroe  
Effective 6-30-20

8.12 LEAVE OF ABSENCE

8.13 EMPLOYMENT

8.14 CHANGE OF STATUS

8. PERSONNEL ADMINISTRATION

8.2 CLASSIFIED PERSONNEL

8.21 RESIGNATION, TERMINATION\*, SEPARATION\*\*, RETIREMENT\*\*\*

Latasha Baker  
5 ½ hr. Paraprofessional – James Monroe  
Effective 12-6-19

Isaac Cheeks \*\*\*  
8 hr. Custodian – Pierce  
Effective 12-31-19

Danielle Mouw  
5 ½ hr. Paraprofessional – Burroughs  
Effective 12-19-19

Ashley Walshe  
1 ½ hr. Noon Duty Supervisor – Inyokern  
Effective 12-31-19

8.22 LEAVE OF ABSENCE

8.23 EMPLOYMENT

Student Workability Worker for the 2019-20 School Year:

Brittany Hernandez  
Mya King

Classified Substitutes for the 2019-20 School Year:

Nichol Cartafalsa  
Darlene Valentine

8.24 CHANGE OF STATUS

Katie Bennett  
From: 5 ½ hr. Health Assistant – SELPA at Murray  
To: 8 hr. Health Assistant – SELPA  
Effective 1-20-19

8. PERSONNEL ADMINISTRATION

8.2 CLASSIFIED PERSONNEL

8.24 CHANGE OF STATUS

William Clayson

From: 6  $\frac{3}{4}$  hr. Paraprofessional 1 – Burroughs

To: 5  $\frac{1}{2}$  hr. Paraprofessional 1 – Faller

Effective 1-1-20

Andrea Constable

From: 8 hr. Health Assistant – SELPA

To: 8 hr. Compliance Clerk – SELPA

Effective 12-3-19

Cody Decker

From: 8 hr. Custodian – Gateway

To: 8 hr. Account Clerk III – Business Office

Effective 12-16-19

Jennifer Kleeger

From: 5  $\frac{1}{2}$  hr. Paraprofessional I – Gateway

To: 5  $\frac{1}{2}$  hr. Paraprofessional II – Gateway

Effective 12-2-19

Jade Ivanisin

Added: 4 hr. Food Service II – Vieweg Central Kitchen

Effective 12-4-19

Karen Van Ostrand

From: 2 hr. Noon Duty Supervisor – Gateway

To: 3  $\frac{1}{2}$  hr. Food Service Asst. I – Gateway

Effective 12-6-19

Gabriel Sanchez

From: 8 hr. Custodian – Burroughs

To: 8 hr. Custodian – Faller

Effective 1-1-20

Randall Schortzmann

Added  $\frac{1}{2}$  hr. Noon Duty Supervisor – Las Flores

Effective 12-2-19



8. PERSONNEL ADMINISTRATION

8.2 CLASSIFIED PERSONNEL

8.24 CHANGE OF STATUS (CONT.)

Alyssa Zamora

From: 5 ½ hr. Paraprofessional – Richmond

To: 8 hr. Paraprofessional – Richmond

Effective 12-2-19

## 8. PERSONNEL ADMINISTRATION

8.3 Waiver Request Enabling the District to Assign Individuals in Certificated Positions  
without Appropriate Credentials

---

BACKGROUND INFORMATION: Approval of the governing board is required when a district is filing for a Variable Term Waiver, Provisional Internship Permit or a Short Term Staff Permit in order to assign an individual who is not appropriately credentialed for his/her assignment.

CURRENT CONSIDERATIONS: Approval is requested for the district to submit a request to the Commission on Teacher Credentialing for a Variable Term Waiver, Provisional Intern Permit or a Short Term Staff Permit in order that the district may assign the following individual for the 2019-20 school year.

- Variable Term Waiver – California Basic Skills Exam, Education Multiple Subject Program and English Learners Authorization for Gabriela Merrill – 1<sup>st</sup> Grade, Pierce Elementary

FINANCIAL IMPLICATIONS: None.

SUPERINTENDENT'S RECOMMENDATION: Approve the submission of request for a Variable Term Waiver, Provisional Intern Permit or a Short Term Staff Permit in order that the above named individual may be assigned in the designated position for the 2019-20 school year.

## 8. PERSONNEL ADMINISTRATION

### 8.4 Adoption of Resolution #20 1920 National School Counseling Week

---

**BACKGROUND INFORMATION:** The purpose of National School Counseling Week is to focus public attention on the unique contributions of professional school counselors within U.S. school systems. National School Counseling Week, sponsored by the American School Counselor Association (ASCA), highlights the tremendous impact school counselors can have in helping students achieve school success and plan for a career.

This special week honors school counselors for the important role they play in helping students examine their talents, strengths, abilities, and interests. Counselors work in professional partnerships with teachers and support personnel to provide an educational system where students can realize their true potential. As all educators focus their efforts on improving academic achievement for all students, it is important that we recognize school counselors for their continuing efforts in reducing barriers to learning and in providing the support necessary for all students to achieve at the highest level.

**CURRENT CONSIDERATIONS:** Resolution #20 1920 declares the week of February 3-7, 2020 as National School Counseling Week in Sierra Sands Unified School District. Adoption of this resolution designates a time when administrators, staff, parents, students, and the community have an opportunity to recognize and salute district counselors and their many contributions to our students' success. A copy of Resolution #20 1920 will be displayed at all district schools and sites.

**FINANCIAL IMPLICATIONS:** None.

**SUPERINTENDENT'S RECOMMENDATION:** Adopt Resolution #20 1920 as presented and approve February 3-7, 2020 as National School Counseling Week in Sierra Sands Unified School District.

BEFORE THE BOARD OF EDUCATION OF THE  
SIERRA SANDS UNIFIED SCHOOL DISTRICT  
County of Kern, State of California

IN THE MATTER REGARDING \_\_\_\_\_ )  
NATIONAL SCHOOL COUNSELING WEEK \_\_\_\_\_ )

RESOLUTION #20 1920

WHEREAS, school counselors are employed in public schools to help students reach their full potential; and

WHEREAS, school counselors are actively committed to helping students explore their abilities, strengths, interests and talents as these traits relate to career awareness and development; and

WHEREAS, school counselors help parents focus on ways to further the educational, personal and social growth of their children; and

WHEREAS, school counselors work with teachers and other educators to help students explore their potential and set realistic goals for themselves; and

WHEREAS, school counselors seek to identify and utilize community resources that can enhance and complement comprehensive school counseling programs and help students become productive members of society; and

WHEREAS, comprehensive developmental school counseling programs are considered an integral part of the educational process that enables all students to achieve success in school;

NOW THEREFORE, BE IT RESOLVED by the governing board of the Sierra Sands Unified School District that all school counselors in the Sierra Sands Unified School District be commended for the contributions they make to successful student achievement and declare the week of February 3 – 7, 2020 as National School Counseling Week.

\* \* \* \* \*

I, BILL FARRIS, Vice President/Clerk of the Governing Board, certify that the above resolution, proposed by \_\_\_\_\_ and seconded by \_\_\_\_\_, was duly passed and adopted by the Governing Board of the Sierra Sands Unified School District of Kern County, California, at an official and public meeting thereof held on January 16, 2020.

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTENTIONS: \_\_\_\_\_ ABSENT: \_\_\_\_\_

DATED: January 16, 2020

GOVERNING BOARD OF THE  
SIERRA SANDS UNIFIED SCHOOL DISTRICT

BY: \_\_\_\_\_

TITLE: Vice President/Clerk of the Board

8. PERSONNEL ADMINISTRATION

8.5 Presentation of Initial Sunshine Contract Proposal for 2020-21 from Chapter 188 of the California School Employees Association (CSEA) to the Board of Education

BACKGROUND INFORMATION: Chapter 188 of the California School Employees Association (CSEA) will submit their sunshine proposal to the Board of Education for the 2020-21 school year.

CURRENT CONSIDERATIONS: Chapter 188 of the California School Employees Association (CSEA) will submit its initial sunshine contract proposal for 2020-21 to the Board of Education at the meeting.

FINANCIAL IMPLICATIONS: Unknown.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board receive the initial sunshine contract proposal from Chapter 188 of the California School Employees Association (CSEA) and set the next regular meeting date as the date for the public hearing on the proposal.

2019-2020 REOPENER  
PROPOSAL FROM  
THE CALIFORNIA SCHOOL EMPLOYEES  
ASSOCIATION AND ITS RIDGECREST CHAPTER #188  
TO  
SIERRA SANDS UNIFIED SCHOOL DISTRICT

Pursuant to the Public Notice requirements set forth in Government Code Section 3547, the California School Employees Association (CSEA) and its Ridgecrest Chapter #188 respectfully submit our 2018-2019 Reopener Contract Proposal to the Governing Board. CSEA looks forward to reaching a fair agreement in a timely manner.

ARTICLE 5 - EMPLOYEE COMPENSATION

CSEA seeks to increase the CSEA classified salary schedule by six (6) percent this will include the funded COLA.

ARTICLE 6- HOURS

CSEA will seek to improve the hours of Employment language.

ARTICLE 8 - HEALTH AND WELFARE BENEFITS.

CSEA seeks to have the district's maximum contribution increased to cover the increased costs of the plan.

8. PERSONNEL ADMINISTRATION

8.6 Presentation of Initial Sunshine Contract Proposal for 2020-21 from the Board of  
Education to the Desert Area Guidance Association (DAGA)

---

BACKGROUND INFORMATION: The Board of Education would like to submit their sunshine proposal to the Desert Area Guidance Association (DAGA) for the 2020-21 school year.

CURRENT CONSIDERATIONS: The Board of Education will submit its initial sunshine contract proposal for 2020-21 to the Desert Area Guidance Association (DAGA) at the meeting.

FINANCIAL IMPLICATIONS: Unknown.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board present the initial sunshine contract proposal for 2020-21 to the Desert Area Guidance Association and set the next regular meeting date as the date for the public hearing on the proposal.



## **SIERRA SANDS Unified School District**

Bryan Auld, Assistant Superintendent of Human Resources

113 W. Felspar Ave., Ridgecrest, CA 93555 | Phone: 760-499-1620 | Fax 760-375-1253 | ssusd.org

### **Initial Proposal From The Sierra Sands Unified School District to the Desert Area Guidance Association January 16, 2020**

Pursuant to Government Code section 3547, the Sierra Sands Unified School District (“District”) hereby submits its initial proposal to the Desert Area Guidance Association (“DAGA”) for 2020-21.

The District has an interest in discussing the following Articles:

#### **Article IV – Salary**

The District has an interest in negotiating regarding DAGA unit member salaries to offer salaries and other compensation that will attract and retain highly qualified employees in all areas of service.

#### **Article VI –Hours of Work**

The District has an interest in negotiating regarding DAGA unit member work hours, including but not limited to the unit member’s work day and District expectations.

#### **Article VII – Employee Benefits**

The District has an interest in negotiating regarding DAGA unit member health and welfare benefits to discuss ways of seeking to control the escalating costs of health and welfare benefits through various approaches that will encourage all parties to obtain health and welfare benefits that provide competitive and adequate coverage at a reasonable cost.

#### **Article IX –Transfers**

The District has an interest in negotiating regarding DAGA unit member transfers to, among other things, maintain a fair, equitable, and streamlined process for assigning and transferring employees, including but not limited to voluntary and involuntary transfers.

#### **Article XI– Guidance Employee Evaluation Procedure**

The District has an interest in negotiating regarding DAGA unit member evaluations to, among other things, streamline the evaluation process in order to provide unit members with constructive feedback on their performance.



8. PERSONNEL ADMINISTRATION

8.7 Approval of Revised Job Description: Transportation Monitor

---

BACKGROUND INFORMATION: The Manager of Transportation recently did an assessment of the transportation department based on current job descriptions. Upon review, it was determined the Transportation Monitor job description needed to be updated to align with their current duties and new training requirements.

CURRENT CONSIDERATIONS: The attached revised job description reflects the current duties and training requirements needed for this position.

FINANCIAL IMPLICATIONS: There are no changes to the existing placement of this position on the classified salary schedule.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board approve the revised job description for the Transportation Monitor as presented.

# **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

## **Job Description - Classified**

### **Transportation Monitor - Transportation**

#### **SUPERVISED BY:**

Under the direction of the Transportation Supervisor the transportation monitor will assist the driver in assuring safe transportation of special needs students according to their IEP's as well as monitor and maintain order and discipline among students on the bus/vehicle.

#### **ESSENTIAL DUTIES AND RESPONSIBILITIES:**

- Assist in assuring safe transportation of students; assist drivers with loading and unloading of students; secure students in car seats, seat belts, harnesses, secure walkers and wheelchairs as needed; be familiar with how to operate a wheelchair lift and proper way wheelchair securement techniques; monitor student activities and assure compliance with bus safety procedures.
- Assist students with health-related/behavioral issues as needed including seizures, illnesses or medical emergencies; administer basic first aid; notify bus/vehicle driver and appropriate personnel of emergency and other medical/behavioral problems.
- Assist the bus driver with monitoring, maintain order and discipline among students on the bus/vehicle with the driver utilizing behavior management strategies and interventions in accordance with District policies related to disciplining students; report behavior issues to appropriate personnel; assure student understanding of bus rules; prepare student incident reports as needed.
- Keep administrators informed of any problems/progress regarding each student's transport.
- Assure students take personal belongings off the bus.
- Assist with bus evacuation drills.
- Assist substitute bus drivers with routes as needed.

#### **OTHER DUTIES:**

Perform related duties as assigned which may include cleaning of transportation vehicles or other duties as it relates to transportation and supervision of students.

#### **REQUIRED QUALIFICATIONS:**

##### Knowledge of:

- Basic concept of children with special needs.
- Safe practices concerning school transportation.
- Proper methods of group supervision.
- Interpersonal skills using tact, patience and courtesy.
- Health and safety regulations.
- Oral and written communication skills.
- Basic record-keeping techniques.
- Basic first aid procedures, and behavior management strategies/interventions.

**Ability to:**

- Maintain order and discipline among students on the bus/vehicle.
- Assist in assuring safe transportation of students.
- Establish and maintain cooperative and effective working relationships with others.
- Monitor, observe and control student behavior according to approved policies and procedures.
- Understand and follow oral and written directions.
- Communicate effectively both orally and in writing.
- Knowledgeable on operation of two-way radio.
- Ability to walk/move around the bus while in motion to attend to students
- Observe health and safety regulations.
- Maintain routine records related to work performed.
- Administer basic first aid as needed.
- Attend specialized training required depending on student need according to their IEP.
- Dexterity of hands and fingers to operate safety devices.
- Sitting for extended periods of time.
- Hearing and speaking to exchange information.
- Ride for extended periods of time in a vehicle while providing student supervision.
- Bending at the waist, kneeling or crouching to assist students.
- Capable of seeing to observe and monitor students.
- Being able to lift or positioning children as necessary.
- Ability to lift 50 lbs.
- Climb stairs and tolerate the physical demands of entering and existing a bus.

**Education:**

- High school graduate or equivalent.

**Licenses and other requirements:**

- CPI training certification or other required training issued by an authorized agency needed within one year of hiral date.
- Must pass a Pre-employment physical.

## 8. PERSONNEL ADMINISTRATION

### 8.8 Approval of Memorandum of Understanding and Agreement with the Desert Area Teachers Association (DATA) Regarding Salary

---

BACKGROUND INFORMATION: A Successor Agreement between the Desert Area Teachers Association (DATA) and the Board of Education was approved at the October 17, 2019 regular meeting. Part of the agreement included a 2% salary increase to the DATA salary schedules retroactive to July 1, 2019.

CURRENT CONSIDERATIONS: It was recently discovered that an error was made in distributing the retroactive payment. Rather than issuing the 2% retroactive payment for just the first three (of ten) regular monthly pay warrants, a 2% one-time lump sum was issued for all ten months August 2019 – May 2020. In order to correct this error, starting with the January regular pay warrant, and continuing through May, all DATA employees will revert back to their previous salary.

As a part of the dispute resolution process, the value associated with the 2% regular salary increase that was paid in the November and December pay warrants, district and DATA agrees to settle the dispute and avoid prolonged litigation and costs associated with that dispute by treating the 0.4% overpayment in a manner similar to a one-time off schedule bonus. In exchange, DATA will provide the district with a broad waiver of claims related to, among other things, the district's implementation of the MOU and the tax consequences and STRS implications of the payment at issue here.

FINANCIAL IMPLICATIONS: Cost to the district is approximately \$75,000.

SUPERINTENDENT'S RECOMMENDATION: Approve the Memorandum of Understanding with the Desert Area Teachers Association (DATA) regarding salary.

9. GENERAL ADMINISTRATION

9.1 Gifts to District

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CURRENT CONSIDERATIONS: The following gifts have been received: Mark Pierce made a donation of a trumpet with an estimated cash value of \$100 and Cathy Mattis made a donation of a trumpet with an estimated cash value of \$100. Both donations will be used by the Murray Middle School band. Abiding Savior Lutheran School made a donation of used books with an estimated cash value of \$1,000 to be used by the library at Gateway Elementary School.

FINANCIAL IMPLICATIONS: Donations provide support to the district and have a positive financial impact.

SUPERINTENDENT'S RECOMMENDATION: Accept the gifts as described and send appropriate letters of appreciation.

## 9. GENERAL ADMINISTRATION

### 9.2 Report to the Board: Nature and Resolution of Complaints with Regard to Deficiencies Related to Instructional Materials, Emergency or Urgent Facilities Conditions that Pose a Threat to the Health and Safety of Pupils or Staff, Teacher Vacancy or Misassignment, as Required by the Williams Act

---

BACKGROUND INFORMATION: California Education Code 35186 specifies that a school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district. The report shall include the number of complaints by general subject area with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.

This procedure is intended to address all of the following:

- (1) A complaint related to instructional materials as follows:
  - (A) A pupil, including an English learner, does not have standards-aligned textbooks or instructional materials or state adopted or district adopted textbooks or other required instructional material to use in class.
  - (B) A pupil does not have access to instructional materials to use at home or after school in order to complete required homework assignments.
  - (C) Textbooks or instructional materials are in poor or unusable condition, have missing pages, or are unreadable due to damage.
- (2) A complaint related to teacher vacancy or misassignment as follows:
  - (A) A semester begins and a certificated teacher is not assigned to teach the class.
  - (B) A teacher who lacks credentials or training to teach English learners is assigned to teach a class with more than 20 percent English learner pupils in the class. This subparagraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.
  - (C) A teacher is assigned to teach a class for which the teacher lacks subject matter competency.
- (3) A complaint related to the condition of facilities that pose an emergency or urgent threat to the health or safety of pupils or staff as defined in paragraph (1) of subdivision (c) of Section 17592.72 and any other emergency conditions the school district determines appropriate.

CURRENT CONSIDERATIONS: There have been no complaints filed with the school district between October 1 and December 31, 2019 in any of the designated areas.

FINANCIAL CONSIDERATION: None.

SUPERINTENDENT'S RECOMMENDATION: This report is for informational purposes only. A copy of this report will be forwarded to the Kern County Superintendent of Schools as required by state law.

**Quarterly Report on Williams Uniform Complaints**  
**[Education Code § 35186]**

District: Sierra Sands Unified School District

Person completing this form: Bryan Auld

Title: Assistant Superintendent of Human Resources

Quarterly Report Submission Date:  
(check one)

- ☐ April 1, 2020 (for period Jan 1 - Mar 31)  
☐ July 1, 20120 (for period Apr 1 - Jun 30)  
☐ Oct 1, 2020 (for period Jul 1 – Sep 30)  
☒ Jan 1, 2020 (for period Oct 1 – Dec 31)

Date for information to be reported publicly at governing board meeting: January 16, 2020

Please check the box that applies:

- ☒ No complaints were filed with any school in the district during the quarter indicated above
- ☐ Complaints were filed with schools in the district during the quarter indicated above. The following chart summarizes the nature and resolution of these complaints.

General Subject Area	Total # of Complaints	# Resolved	# Unresolved
Textbooks and Instructional Materials	0	0	0
Teacher Vacancy or Mis-assignment	0	0	0
Facilities Conditions	0	0	0
<b>TOTALS</b>	0	0	0

Dave Ostash

Print Name of District Superintendent

\_\_\_\_\_  
Signature of District Superintendent



10. CONSTRUCTION ADMINISTRATION

10.1 Report to the Board: Construction Activities and Issues

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BACKGROUND INFORMATION: The purpose of this item is to keep the board, administration, and especially the community informed as to the progress of the district's construction efforts.

CURRENT CONSIDERATIONS: Mr. Randy Coit, Director of Construction with Sierra Sands Unified School District, will provide an update on these activities.

FINANCIAL IMPLICATIONS: None.

SUPERINTENDENT'S RECOMMENDATION: This item is presented for informational purposes and no action is required.

## 10. CONSTRUCTION ADMINISTRATION

### 10.2 Approval to Enter Into an Agreement with A-C Electric Company for Electrical Site Work for 2 Relocatable Classrooms at Vieweg/Richmond Elementary School

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BACKGROUND INFORMATION: The district suffered damage to its facilities as a result of two earthquakes in July 2019. Due to challenges associated with earthquake repairs at Richmond Elementary School, a decision was made to relocate all but 2 of the Richmond Elementary School classes to the Vieweg Adult School campus located at 348 Rowe Street; the other 2 classes were relocated to Inyokern Elementary School. The district's intent is to move the 2 Richmond classes currently housed at Inyokern back to the Vieweg/Richmond campus for the 2020-21 school year. As result, 2 additional relocatable classrooms have been installed at the Vieweg/Richmond campus to accommodate the students and staff of those 2 classes, and they now require electrical site work.

CURRENT CONSIDERATIONS: The California Uniform Public Construction Cost Accounting Act (CUPCCAA) is legislation that was enacted in 1993 to promote uniformity of the bidding procedures on construction work performed or contracted by public entities. The district "opted in" to CUPCCAA in 1994 via board resolution. Under CUPCCAA, public project work in the amount of \$60,000.00 or less can be performed internally, by negotiated contract, or by purchase order. The district obtained a proposal from A-C Electric Company for the site work associated with the 2 classrooms. The proposal is attached to this package.

FINANCIAL IMPLICATIONS: The cost for the electrical site work associated with the 2 relocatable classrooms is \$18,580.00. It is anticipated that 75% of this funding will be reimbursed by the California Office of Emergency Services (Cal OES). The remaining 25% will come from Fund 25 – Developer's Fees.

SUPERINTENDENT'S RECOMMENDATION: It is the superintendent's recommendation that the district enter into an agreement with A-C Electric Company for the electrical site work associated with 2 relocatable classrooms at Vieweg/Richmond Elementary School.



A-C Electric Company  
Box 81376  
Bakersfield, CA 93380-1376  
Phone 661/633-5368  
Fax 661/324-2761  
www.a-celectric.com

## PROPOSAL - CONFIRMATION - CONTRACT

December 6, 2019

Sierra Sands Unified School District  
200 East Drummond Ave.  
Ridgecrest, CA 93555  
Attention: Pamela Smith

**SUBJECT:** Vieweg R11 & R12 Electrical

A-C Electric Company is pleased to provide the following proposal.

This proposal is based on the following bid documents:  
Design Build

### SCOPE OF WORK:

1. Furnish labor and equipment to excavate from existing 200A panel behind building E12 to new relocatables R11 and R12.
2. Furnish and install two (2) 1 1/2" PVC underground conduits 1 from existing 200A panel to R11 and 1 from existing 200A panel to R12.
3. Furnish labor and equipment to backfill and compact electrical trench.
4. Furnish and install 3-#2 THHN with 1-#6 GND from the existing 200A panel to R11.
5. Furnish and install 3-#2 THHN with 1-#6 GND from the existing 200A panel to R12.
6. Furnish and install 2-ground rods, one at each relocatable and tie them together.
7. Furnish and install relocatable bonding/grounding per NEC and DSA requirements.
8. Furnish and install 2-2" raceways between the two relocatables for communication and fire alarm.

### CLARIFICATIONS:

1. This proposal is subject to the attached A-C/AC&TS Standard Terms & Conditions.

### EXCLUSIONS:

1. Overtime & shift work. This proposal is based on all work being performed 7:00 a.m. to 3:30 p.m. Monday - Friday.
2. All permits and fees.
3. Any PE stamped permit drawings.
4. Structural backing within walls and ceiling for electrical equipment.
5. Troubleshooting and/or repairing existing electrical equipment, devices and circuitry.
6. Installation of Fire Alarm.
7. Installation of Communications.

## PRICING INFORMATION

**Total Lump Sum Price:**

**\$18,580.00**

**PAYMENT TERMS:** Semi-Monthly, Net-15

Acceptance may be made by signing and returning one copy of this proposal letter or forwarding an acceptable form of your purchase order or subcontract document by 01/05/2020.

Thank you for allowing A-C Electric Company the opportunity to provide you with this proposal. If you should have any questions or comments, please feel free to contact me at .

**OFFERED BY:**  
**A-C Electric Company**



**SIGNED**

Myles Marquez  
Service & Special Projects Manager  
**NAME, TITLE**

12/6/2019  
**DATE**

**ACCEPTED BY:**  
**Sierra Sands Unified School District**

**SIGNED**

Pamela Smith  
**NAME, TITLE**

**DATE**

## STANDARD TERMS & CONDITIONS

### WARRANTY:

All equipment & instrumentation supplied by A-C Electric Company is limited to the manufacturer's warranty and workmanship is warranted for (1) year from the date of installation. Warranty does not extend to preexisting conditions, damage or wear caused by misuse, negligence, accident, corrosion, modification by Client, loss of product, or tampering in any manner.

In no event shall A-C Electric Company be responsible for consequential or special damages which may arise in connection with such equipment, parts or programming.

The foregoing warranty terms are expressly made in lieu of any and all other warranties, expressed or implied, including warranties of merchantability and of fitness for any purpose.

### ALTERNATE CONTRACT LANGUAGE:

Should Client choose to accept this proposal by providing a purchase order or alternate contract document, this proposal is conditioned on such document being mutually acceptable to both parties.

Some clauses of importance to us are realistic payment clauses which protect both parties, guarantee us that we get paid promptly for our work and eliminate unnecessary paperwork; indemnification clauses which equitably allocate risk to the parties, insuring that you are indemnified for the negligent acts of A-C Electric Company, without A-C Electric Company indemnifying or defending you for your negligence; scheduling clauses which give us adequate time to perform our work efficiently and safely, compensate us for acceleration required for reasons outside our control, and limits any requirement for us to accelerate without compensation to our failure to perform in meeting a reasonable schedule.

In the event that we are unable to reach a mutually acceptable contract utilizing Contractor's proposed document, this proposal is conditioned on the use of Consensus DOCS 750 or 751, documents drafted and agreed to by the various construction trade associations with the intent to be fair to the contractor, subcontractor and owner.

As an interim measure, while we are working on a mutually acceptable contract document, we will perform work and supply material upon receipt of a written authorization to do so with the assurances that we will be paid timely for the work done.

### INTELLECTUAL PROPERTY:

A-C Electric Company shall retain all right, title and interest in all Intellectual Property (as defined herein) used, made or arising in connection with the Contract or otherwise provided or communicated to Client by or on behalf of A-C Electric Company. Without limiting the foregoing, Client shall not use any drawings or specifications prepared by A-C Electric Company, except for the purpose of confirming the quality of design and manufacturing of the products set forth in the attached proposal; and Client shall not photocopy, duplicate or in any way reproduce in whole or in part any drawings, specifications, or software which may be supplied by A-C Electric Company; provided, however, that the Client may make copies of and use such software for Client's internal purposes only, and not for rendering services or selling products to third persons. The Client shall not sell, license, sublicense, assign or otherwise transfer the Intellectual Property or any interest therein to anyone. As used herein, "Intellectual Property" means and includes any and all software, specifications, designs, processes, techniques, concepts, improvements, discoveries, ideas, and inventions, whether or not patentable, and all patents, copyrights, trade secrets and other intellectual property rights therein or related thereto.

Title to any application software provided to Client by A-C Electric Company under the Contract remains with A-C Electric Company, and Client is subject to any third party licenses. A-C Electric Company grants to the Client a personal, paid-up, perpetual, nonexclusive, non-assignable and non-transferable license, without right of sub-license, to use said application software in the application for which the software was designed in conjunction with the specified equipment.

## 10. CONSTRUCTION ADMINISTRATION

### 10.3 Approval to Negotiate a Contract with Am-Tech Inspection Services for Non-Exigent Earthquake Damage Repair DSA Inspector Services

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BACKGROUND INFORMATION: The district experienced damage to many of its facilities after a series of earthquakes struck the community in July 2019. Critical emergency repairs were completed in order to open schools for the 2019-20 school year; non-critical repairs will continue through the summer of 2020. Many of the remaining repairs are considered Division of the State Architect (DSA) projects and will require DSA approval when completed. These projects require the services of a certified DSA inspector in order to complete.

CURRENT CONSIDERATIONS: The district requested a certified DSA inspector via Am-Tech Inspection Services. After review by legal counsel, an initial contract has been drafted. The inspector provided by Am-Tech, Stephen Guffey, has been approved for these services by DSA.

FINANCIAL IMPLICATIONS: The fees proposed for this contract are a fixed fee of \$85.00 per hour. It is estimated that 100 hours will be necessary for these inspections.

It is expected that the California Office of Emergency Services (Cal OES) will reimburse 75% of this cost. The remaining 25% will come from the General Fund.

SUPERINTENDENT'S RECOMMENDATION: It is the superintendent's recommendation that the board approve the contract with Am-Tech Inspection Services for DSA inspector services associated with the remaining earthquake damage repairs.

# CONSTRUCTION INSPECTOR CONTRACT

## Sierra Sands Unified School District

This Construction Inspector Contract (“Contract”) is made as of 16 January 2020 by and between the Sierra Sands Unified School District (“Owner”), and Am-Tech Inspection Services, LLC, a California limited liability company (“Inspector”), in connection with the following underlying premises:

Facilities damaged by earthquakes to include: James Monroe Middle School, Faller Elementary School, Pierce Elementary School, Vieweg/Richmond Elementary School, and Burroughs High School.

### RECITALS

A. Owner has awarded a contract for a public works Project (“Project”) described as follows: Earthquake damage repair at various campuses within the district.

The Project is located at the following locations: James Monroe Middle School, Faller Elementary School, Pierce Elementary School, Vieweg/Richmond Elementary School, and Burroughs High School.

B. Owner will require the services of an inspector pursuant to the requirements of Title 21 and/or 24 of the California Code of Regulations during the period of construction of the Project.

C. Inspector has been approved by both the Department of General Services and the Project architect or engineer.

D. Inspector warrants and represents that it is competent to perform the duties and responsibilities required by this Contract.

### CONTRACT

NOW, THEREFORE, in consideration of the recited premises underlying this Contract and the bargained for exchange of promises made a part of this Contract



and other valuable consideration, the receipt and adequacy of which are acknowledged by each of the parties to this Contract, the parties agree as follows:

1. Recitals. The Recitals set forth (above) are true and correct.

2. Duties of Inspector. Inspector shall represent Owner as the Inspector of Record for the Project. Inspector shall observe construction operations of the general contractor and subcontractors to better insure that the work is constructed and completed in conformity with the plans, drawings, and specifications approved and adopted by Owner, and shall perform these duties under and pursuant to Title 21 and/or Title 24 of the California Code of Regulations. Inspector may employ or contract with other qualified and approved inspectors to provide the services required by this Contract as permitted under Title 21 and/or Title 24.

2.1 Title 24, Part 1, Sections 4-333 and 4-342. Inspector shall perform specific duties in accordance with Title 24, Part 1, Sections 4-333 and 4-342. The Inspector shall act under the direction of the Design Professional in General Responsible charge and shall be subject to supervision by the California Division of the State Architect (“DSA”).

2.2 **Prohibited Conduct**.

**2.2.1 INSPECTOR DOES NOT HAVE THE AUTHORITY, UNDER TITLE 24, TO DIRECT THE CONTRACTOR OR ITS SUBCONTRACTORS IN THE EXECUTION OF THE WORK COMPRISING THE PROJECT, NOR TO STOP THE WORK OF CONSTRUCTION.**

2.2.2 Inspector is prohibited from performing functions associated with actual construction work such as the following:

- Performing construction work without the prior written consent of Owner pursuant to a separate written Contract.
- Ordering or purchasing materials to be incorporated into the work of construction.

- Directing the work of the contractor, subcontractor(s), volunteer labor, or any entity performing construction work
- Coordinating or scheduling the work of construction
- Performing “quality control” of construction. Quality control shall be the responsibility of the contractor. Quality assurance shall be the responsibility of the Inspector.

2.2.3 Inspector shall not order or purchase materials to be incorporated into the work of the construction.

### 2.3 General Responsibilities.

2.3.1 Inspector shall have a thorough understanding of all requirements of the construction documents.

2.3.2 Inspector shall inspect all portions of the construction for compliance with the requirements of DSA approved construction documents.

2.3.3. Inspector shall identify, document and report deviations in the construction from the requirements of the DSA approved construction documents to the Design Professional in General Responsible Charge, DSA and/or Owner as appropriate.

2.3.4 Inspector shall submit verified reports (DSA Form 6-PI and substantial equivalent). At the conclusion of the Project, Inspector shall note any outstanding deviations (on form DSA 6-PI or substantial equivalent).

### 2.4 Code-Prescribed Duties.

2.4.1 Inspector’s Job File. Inspector must maintain the following records at the job site during construction in an organized and readily accessible manner:

- DSA approved (stamped and initialed) plans and specifications (printed copy).

- DSA approved testing and inspection list (on form DSA 103 or substantive equivalent). Form DSA 103 (or its substantive equivalent) may be incorporated into drawings or specifications.
- Deferred submittals as required by DSA approved plans (printed copy).
- Project addenda and change orders.
- Construction change documents with a log of all construction changes
- Copies of contractor submittals (construction schedules, shop drawings, certificates, product labels, concrete trip tickets, etc.)
- Communication log referencing all Project construction related communications, such as contractor's requests for information ("RFI") and architect's supplemental instructions, and Project related meeting minutes and/or notes
- Deviation notices with a log (summary record) including resolution status for each deviation
- Evidence of continuous inspection, such as daily inspection reports
- Materials testing and special inspection reports
- Completed semi-monthly reports (using DSA Form 155 or substantive equivalent)
- DSA field trip notes from prior visits with copies provided to the design professional in responsible charge and attachments indicating resolution of each field trip note item requiring action
- California Building Standards Codes (Title 24): Part 1 (Administrative Code); Part 2, Volumes 1 and 2 (Building Code); Part 3 (Electrical Code); Part 4 (Mechanical Code); Part 5 (Plumbing Code); Part 6 (Energy Code).

#### 2.4.2 Inspector's Comprehension of Construction Documents.

Inspector must study and comprehend the requirements of the construction documents in order to provide competent inspection of the work. Inspector shall possess a thorough understanding of the requirements of the plans and specifications before that portion of the work is performed.

2.4.2.1 Inspector shall consult the responsible design professional(s) to resolve any uncertainties in the Inspector's comprehension of the plans and specifications prior to construction of that portion of the work.

2.4.2.2. Inspector shall review requirements for each phase of the construction with the contractor prior to commencing that phase of the work.

2.4.2.3 Inspector shall identify non-compliant work as the construction progresses to facilitate corrective action and issue Deviation Notices as permitted by law consistent with Section 2.4.5, below.

2.4.2.4 Inspection shall verify code-compliant implementation of the materials testing and special inspection program.

2.4.2.5 Preparation and Communication of RFI's.  
Nothing in this Contract shall be interpreted to impose on Inspector the responsibility for document interpretation assigned to the Design Professional in General Responsible Charge as a matter of law. Title 24, Part 1, Section 4-343, specifies that the contractor—not the Inspector—must direct inquiries regarding document interpretation (including Requests for Information or RFI's) to the Design Professional in General Responsible Charge, through the inspector. Owner shall require its contractor(s) and subcontractors, in writing, to involve the Inspector in the interpretation and clarification of the construction documents.

2.4.3 Continuous Inspection of the Work. Inspector shall effect complete and timely inspection of every material portion of the work of construction. Inspector shall provide timely verbal notification to the contractor of any deviation, so that the deviation can be immediately corrected. Subsequent to a verbal notice in the case of serious or major deviations, all notices shall be in writing and brought to the attention of the Design Professional in General Responsible Charge, DSA and the Owner, as necessary, to secure correction in a timely manner.

2.4.4 Records of Inspection. Inspector shall maintain detailed records of all inspections performed by Inspector. Inspector's records shall provide comprehensive and timely documentation of the inspected work, identifying all compliant and non-compliant construction. These records shall be readily accessible and maintained in an organized manner. Inspector shall maintain the following on the job site:

- A systematic record of all materials and assemblies delivered to the Project site
- A systematic record of the inspection of the work of construction required by the construction documents. Inspector shall record the resolution of reported deviations on DSA form DSA 154 (or substantive equivalent)
- Construction procedure records per Title 24, Part 1, Section 4-342, including concrete placement operations, welding operations, pile penetration blow counts, and other records specified on the approved construction documents
- Log of Project inspector's and assistant inspector's time spent on-site.

2.4.5 Communications Required of Inspector. Inspector shall, during the course of construction, provide specific code-prescribed notices and reports to the responsible design professional(s), DSA, Owner, and the contractor. Inspector shall maintain records of communications. These records shall be accessible and maintained in an organized manner. The date and recipients of communications shall be indicated. Inspector shall provide the following communications during the course of construction of the work:

- **Notifications to DSA:** In compliance with Title 24, Part 1, Section 4-342(b)5, those notices contemplated by DSA Form DSA 151 including start of work, minimum 48 hours prior to completion of foundation trenches, minimum 48 hours prior to first concrete placement, and when work is suspended for more than one month. Email is acceptable.
- **Semi-Monthly Reports:** Inspector shall make semi-monthly reports (on the 1<sup>st</sup> and 16<sup>th</sup> of each month) on the progress of construction. The semi-monthly report shall be completed on DSA Form DSA 155 (or substantive equivalent) and submitted to the Design Professional in General Responsible Charge and the structural engineer; a copy shall be sent to DSA and the Owner.
- **Deviation Notices:** When Inspector identifies deviations from the DSA approved plans and specifications, Inspector shall verbally notify the contractor. If the deviation is not immediately corrected, Inspector shall issue a written notice of deviation using DSA Form 154 (or substantive equivalent) to the contractor, with a copy to the responsible design professional(s), Owner of the Project and DSA. The status and resolution of all deviations shall be documented on semi-monthly reports.

- **Record of Communications to the Responsible Design Professional(s):**  
All uncertainties in the inspector's or contractor's comprehension of the documents must be reported in writing to the responsible design professional(s).
- **Reporting for Projects with Work Stoppage:** In cases where DSA issues a Stop Work Order, Order to Comply or a request for district/owner to stop work, Inspector shall provide additional reporting and/or oversight of construction related to a documented non-compliant condition that is the cause of work stoppage if requested by DSA.
- **Verified Reports:** Inspector shall submit verified reports on DSA Form DSA 6-PI (or substantive equivalent) directly to DSA (with copies to the responsible design professional(s) and the Owner) upon any of the following
  - Work on the Project is suspended for a period of more than one month
  - Services of the Inspector are terminated for any reason prior to completion of the Project and such termination is not a result of work stoppage
  - DSA requests a verified report
  - At the time of occupancy of any building which is a part of the Project prior to completion of the entire DSA approved scope of work.
  - The entire Project is substantially complete

**2.4.6 Inspector's Monitoring of the Materials Testing and Special Inspection Program.** Inspector shall be responsible, under the direction of the Design Professional in General Responsible Charge, for monitoring the work of the laboratory of record ("LOR") any special inspectors hired directly by the Owner to ensure that all materials testing and special inspections required for the Project are satisfactorily completed in accordance with the DSA approved documents. Inspector shall monitor the following aspects of the structural testing and special inspection program:

- When DSA approval for special inspectors is required for special inspectors employed by the Owner, Inspector shall identify and report any special inspectors on the job site that are not DSA approved
- Inspector shall verify that the LOR is included on the List of DSA Accepted Testing Laboratories on the DSA website

- Inspector shall verify that the LOR and special inspectors have received advance notification to perform required material sampling or special inspection
- Inspector shall verify that required material sampling and special inspections have been performed. Inspector shall observe the presence on-site of special inspectors, if any, as well as the performance of their duties, the special inspector's documentation of complying and non-complying work, and their issuance of deviation notices
- Inspector shall review materials test and special inspection reports. Inspector shall report on semi-monthly reports (DSA Form DSA 155 or substantive equivalent) the status and resolution of deviations reported by any LOR or special inspector.

**2.4.7 Monitoring of Assistant Inspectors.** Inspector shall provide technical guidance to assistant inspectors, if any, and shall verify the assistant inspectors' comprehension of the construction documents. Inspector shall monitor the assistant inspectors' performance, verifying that the assistant inspectors are properly checking the construction, recording inspections, and performing other assigned duties.

**3. Independent Contractor Status of Inspector.** It is the intent of the parties that Inspector is hired as an independent contractor and not as an agent or employee of Owner. Nothing in this Contract shall be construed to mean that Owner retains any control over the manner and means of how Inspector carries out Inspector's duties and responsibilities under this Contract, but only as to the results of the work.

**4. Compensation for Inspection Services.**

**4.1 Base Compensation.** Owner shall pay to Inspector for and on account of services performed under this Contract the contract compensation rate(s) set forth on Exhibit "A" attached to and made a part of this Contract by this reference. The Inspector's Daily Report shall include a log of time spent by Inspector in the performance of its duties under this Contract. It is understood that no deductions will be made from payments to Inspector on account of withholding for

income tax, Social Security, health insurance, retirement, or any other benefits applicable to employees of Owner, nor shall Inspector be entitled to any payment of any expenses unless expressly provided in this Contract or authorized, in writing, by Owner outside of this Contract.

4.2 Billing. Inspector shall submit a monthly itemized statement for inspection services to Owner on or before the 20<sup>th</sup> calendar day of each month. Payment will be due by the 15<sup>th</sup> calendar day of the following month. The itemized statement shall reflect the hours spent per workday by Inspector in performing its duties under this Contract.

4.3 Charges for Inspection Services Appurtenant to Non-Conforming Work of Contractor or its Subcontractors. If any portion of Inspector's work or the charges for Inspector's work arises from the failure of the contractor or any of the subcontractors to comply with the requirements of the Project plans, drawings, or specifications, Inspector's time and charges relating to this non-conforming work shall be separately reported to Owner together with sufficient backup documentation or detail as required to permit Owner to submit a back-charge to the contractor for such services and/or charges.

5. Insurance. Owner may require Inspector, prior to execution of this Contract, to possess and maintain during this Contract, policies of insurance satisfactory to Owner for general liability and Worker's Compensation, if applicable, and to name Owner as an additional insured on these policies. The rate for services specified in Section 4, above, and on Exhibit "A" to this Contract, does not reflect a requirement for Inspector to carry errors and omissions insurance. Should Owner require such insurance, in which Owner would be named as additional insured, the rate specified on Exhibit "A" to this Contract shall be increased by the sum set forth on Exhibit "B" also attached to and made a part of this Contract by this reference.

6. Term. The term of this Contract shall be for the period of construction of the Project which shall terminate when (1) the notice of completion is filed with the County Recorder or (2) the contractor(s) has completed all of the requirements of the contract documents, whichever occurs last.



7. **Termination.** Either party may terminate this Contract for cause in the event the other party commits a material breach of a material term of the Contract which is not cured within seven (7) days after receiving written notice of such breach. In addition, Owner may terminate the Contract without cause on fifteen (15) days prior written notice.

8. **Indemnification.**

Each party (Inspector and Owner) shall defend and indemnify and hold the other party, its officers, agents or employees harmless from and against any and all liability, loss, expense, attorney's fees, or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorney's fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the indemnifying party, its officers, agents, or employees.

9. **General Provisions.**

9.1 **Amendment.** This Contract may be amended at any time by the mutual written agreement of the parties. All amendments, changes, revisions and discharges of this Contract, in whole or in part, and from time to time, shall be binding upon the parties despite any lack of legal consideration, so long as the same shall be in writing and executed by the parties hereto.

9.2 **Attorneys' Fees.** If any party to this Contract shall bring any action for any relief against the other party, declaratory or otherwise, arising out of this Contract, the losing party shall pay to the prevailing party a reasonable sum for attorney fees incurred in bringing such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purpose of this action, attorney fees shall include, without limitation, fees incurred in the following: (1) post-judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation.

9.3 Choice of Law. This Contract shall be governed by the laws of the State of California.

9.4 Counterparts. This Contract may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

9.5 Entire Contract. This Contract contains the entire Contract between the parties respecting the subject matter of this Contract and supersedes all prior understandings and agreements, whether oral or in writing, between the parties respecting the subject matter of this Contract but shall not be construed to exclude all applicable provisions of the DSA approved Project plans and specifications appurtenant to the Project which is the premise for this Contract.

9.6 Full Performance Required. Performance of any duty imposed on either party by this Contract is conditioned on the other party's full performance of all duties imposed on it in this Contract.

9.7 Further Acts. Each party hereby agrees that it shall, upon request of the other, execute and deliver such further documents (in form and substance reasonably acceptable to the party to be charged) and do such other acts and things as are reasonably necessary and appropriate to effectuate the terms and conditions of this Contract.

9.8 Legal Advice; Neutral Interpretation; Heading. Each party has received independent legal advice from its attorneys with respect to the advisability of executing this Contract and the meaning of the provisions hereof. The provisions of this Contract shall be construed as to their fair meaning, and not for or against any party based upon any attribution to such party as the source of the language in question. Headings used in this Contract are for convenience of reference only and shall not be used in construing this Contract.

9.9 Manner of Giving Notice. All notices and demands which either party is required or desires to give to the other shall be given in writing by United States registered or certified mail, return receipt requested, by personal delivery, by telegram or by express courier service to the address set forth below for the respective party, provided that if any party gives notice of a change of name or address, notices to that party shall thereafter be given as demanded in that notice. All notices and demands given by mail shall be effective on the second business day

after mailing; all notices and demands otherwise given as provided above shall be effective upon receipt by the party to whom notice or a demand is being given.

To Owner:

Pamela P. Smith, Asst Superintendent of Business  
113 W. Felspar  
Ridgecrest, CA 93555  
Phone: 760-499-1604  
Email: psmith@ssusd.org

To Inspector:

Stephen Guffey  
3858 Allen Rd.  
Bakersfield, CA 93314  
Phone: 661-903-0964  
Email: sguffey@amtechinspection.com

9.10 Severability. If any term, covenant, condition or provision of this Contract, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Contract, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

9.11 Successors and Assigns. This Contract shall be binding upon and shall inure to the benefit of the successors and assigns of the parties to this Contract.

9.12 Time of the Essence. Time shall be of the essence as to all dates and times of performance, whether contained herein or contained in any escrow instructions to be executed pursuant to this Contract, and all escrow instructions shall contain a provision to this effect.

9.13 Prevailing Wage Requirements. Inspector is advised and agrees that prevailing wage requirements apply to this Contract and on the Project. Inspector agrees to pay each employee, if any, engaged in work on the Project, as appropriate, not less than the general prevailing rate of per diem wages determined by the Director of the California Department of Industrial Relations.

9.14 Contract Interpretation. Should this Contract be attached to and made a part of a master agreement as an exhibit or otherwise incorporated into a master agreement by reference, all terms defined by this Contract shall have the meanings ascribed to such terms by this Contract and all conflicts of terms and/or provisions, if any, shall be interpreted and enforced in a manner wholly consistent with the terms and conditions of this Contract.

The parties have executed this Contract at Ridgecrest, Kern County, California.

“Owner”

“Inspector”

By Pamela P. Smith  
Its Asst Superintendent of Business

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT “A”**

**Attached to and made a part of Inspector of Record Contract**

The Contract compensation rate shall be the sum of \$ 85.00 per hour

“Owner”

“Inspector”

By Pamela P. Smith

By \_\_\_\_\_

Its Asst Superintendent of Business

Its \_\_\_\_\_

## EXHIBIT “B”

### Attached to and made a part of Inspector of Record Contract

If initialed below, Owner agrees to pay Inspector an additional sum of \$\_\_\_\_\_ per [hour] [day] [month] (*circle one*) in consideration of Owner’s requirement that it be named as an additional insured on one or more of Inspector’s policies of insurance.

“Owner”

“Inspector”

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

11. BUSINESS ADMINISTRATION

11.1 Report to the Board of Education on Governor's Proposed Budget

---

Ms. Pam Smith, Assistant Superintendent of Business Services will report to the board on the Governor's proposed budget.

## 11. BUSINESS ADMINISTRATION

### 11.2 Acceptance of 2018-19 Audit Reports for the Sierra Sands Unified School District

BACKGROUND INFORMATION: In accordance with Education Codes 35145 and 41020, the district is required to conduct an annual audit and report the findings of the Sierra Sands Unified School District audit to the board.

CURRENT CONSIDERATIONS: The 2018-19 audit report has been prepared by the auditing firm of Eide Bailly, LLP and has been provided for review.

Sierra Sands received an unmodified opinion in most program areas. An unmodified opinion indicates the district's fiscal procedures and controls were implemented appropriately and in accordance with California Education Code and other appropriate regulations. No material weaknesses or significant deficiencies were identified in relation to internal controls over financial reporting. The district complied in all material respects with the requirements regarding compliance for the year ending June 30, 2019.

A qualified opinion was received as it relates to the Unduplicated Local Control Funding and After/Before School Education and Safety Program (ASES). This qualified opinion relates to the collection, validation and reporting of unduplicated pupil counts, and the attendance reporting in the Before School Program as it relates to late arrival and minimum required hours per week of attendance in this program. A qualified opinion indicates the financial statements are fairly represented except for a specified issue, usually due to insufficient evidence to provide a clear picture. No material weaknesses or significant deficiencies were identified in relation to internal controls over financial reporting. The district complied in all material respects with the requirements regarding compliance for the year ending June 30, 2019.

Due to the amount of federal funding Sierra Sands receives, the district does not qualify as a low-risk auditee.

In the area of federal awards, no material weaknesses were identified; however, the district was found to have repeated significant internal controls deficiencies as it relates to the review and pre-approval of employees charged to federal awards. These internal controls procedures were again discussed and the corrective action plan was reviewed and adjusted to insure implementation. All federal awards must comply with Title 2 of the Code of Federal Regulations, as such a board policy should be put into place indicating that Sierra Sands understands and follows these federal requirements.

In the area of state awards, no material weaknesses were identified; however, the district was found to have repeated significant internal controls deficiencies as it relates to the identification of unduplicated pupils using the Household Income Data Sheets. The



district is in a continuing process to review and refine processes related to obtaining and validating the data obtained from these forms. The policies for the Before School Program portion of the After School Education and Safety Program (ASES) are currently under review and will be updated to reflect the required program compliance and attendance accounting policies

Chart #1: Reconciliation of governmental funds to net position. The district's total net position reflects the difference between its total assets (much of which relate to various cash and capital asset accounts, including buildings and/or other facilities related funds and assets) and its liabilities, which includes accounts payable i.e. long-term debt for certificates of participation, the general obligation bond, and the lease revenue bond.

Chart #2: Reconciliation of net change in governmental funds to net position. This reflects the factors driving the change in fund balances during 2018-19. The most significant factor associated with the change in net position is related to the successful completion of the Burroughs and Murray Projects. The completion of the General Obligation Bonds Refunding is also a contributing factor to the changes seen here.

Chart #3: Revenue sources for the year ending June 30, 2019. This chart reflects the various funding sources that make up Sierra Sands Unified School District's revenue. 63% of the district's revenue represents a combination of state aid and property taxes. Federal revenues account for 15%. This decrease in federal revenue is directly associated with the finalization of the Burroughs and Murray projects.

Chart #4: Expenditures for the year ending June 30, 2019. This chart represents expenditures by category. Instruction and instruction-related expenses account for 68% of all district expenditures. Plant Services, which includes facilities initiatives, increased to 14%. General Administration accounts for 5%, and Pupil and other services account for 17%.

Chart #5: Average Daily Attendance reflects a five-year history that Sierra Sands Unified School District has experienced. An increase in attendance is evident in 2017-18 and has continued into 2018-19.

Chart #6: Comparison of Fund Balance in the General Operating Fund indicates the status of the fund balance at year end for the last five years.

Chart #7: General Long-Term Debt provides information over the last five years regarding the district's long-term debt. The decrease from 2017-18 to 2018-19 reflects the refunding of the General Obligation Bonds and the Lease Revenue bonds.

FINANCIAL IMPLICATIONS: None.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the 2018-19 audit report for the Sierra Sands Unified School District be accepted as presented.



# Sierra Sands Unified School District

Financial Trends and Analysis

June 30, 2019

# Reconciliation of Governmental Funds to Net Position for the Year Ended June 30, 2019

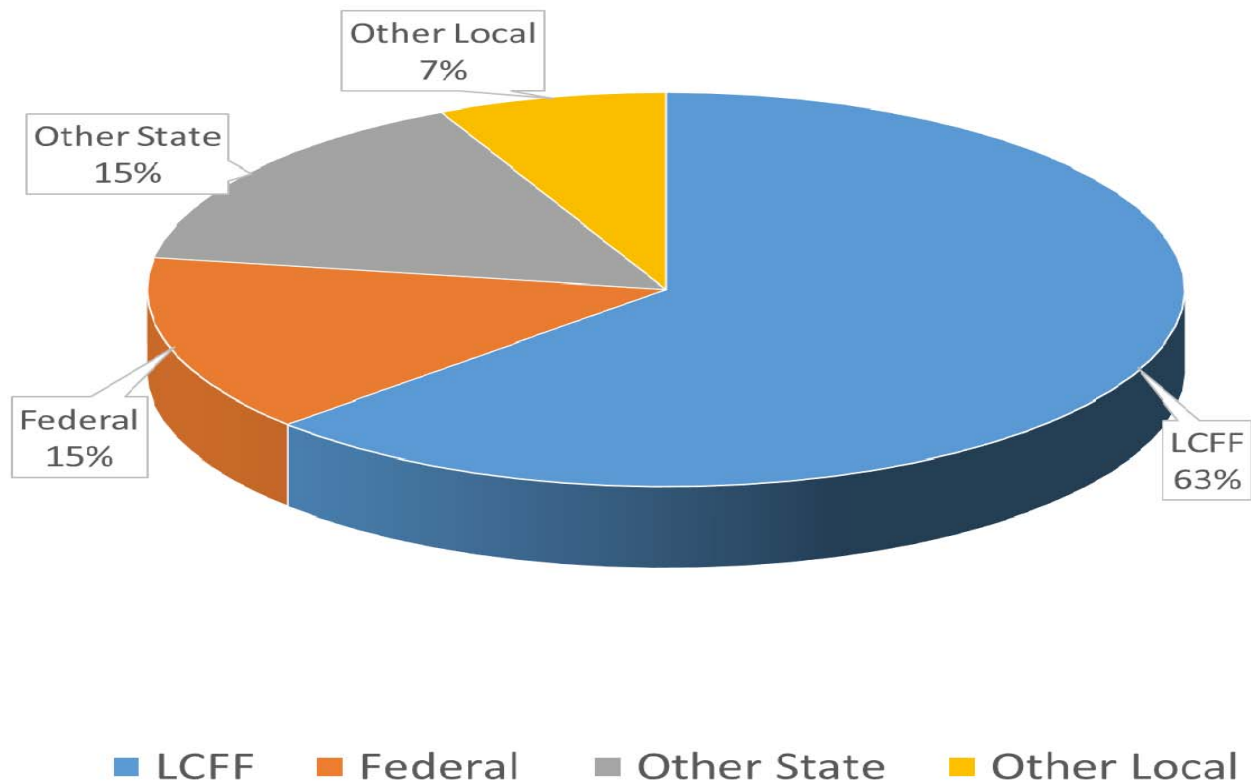
<b>Total Fund Balance – Governmental Funds</b>		\$	27,530,841
<b>Plus: Fixed Assets</b>			
Capital Assets	188,179,821		147,492,577
Accumulated Depreciation	(40,687,244)		
<b>Less: Long Term Debt</b>			
Unmatured Interest			(169,372)
Deferred Charges on Refunding Debt			298,401
Deferred Outflows of Resources – Pensions			14,748,670
Deferred Inflows of Resources – Pensions			(2,914,766)
Deferred Outflows of Resources - OPEB			1,936,240
Deferred Inflows of Resources – OPEB			(288,530)
Net Pension Liability			(51,315,371)
General Obligation Bonds	(18,118,156)		
Certificates of Participation	(10,850,000)		
Lease Revenue Refunding Bonds	(2,680,720)		
State of California Loans	(378,949)		
Compensated Absences – Net	(128,494)		
Other Post Employment Benefits Obligations (OPEB)	(20,694,542)		
Capital Appreciation General Obligation Bonds	(7,443,705)		(60,294,566)
<b>Total Net Position – Governmental Activities</b>		\$	<b>77,024,124</b>

## Reconciliation of Net Change in Governmental Funds to Net Position for the Year Ended June 30, 2019

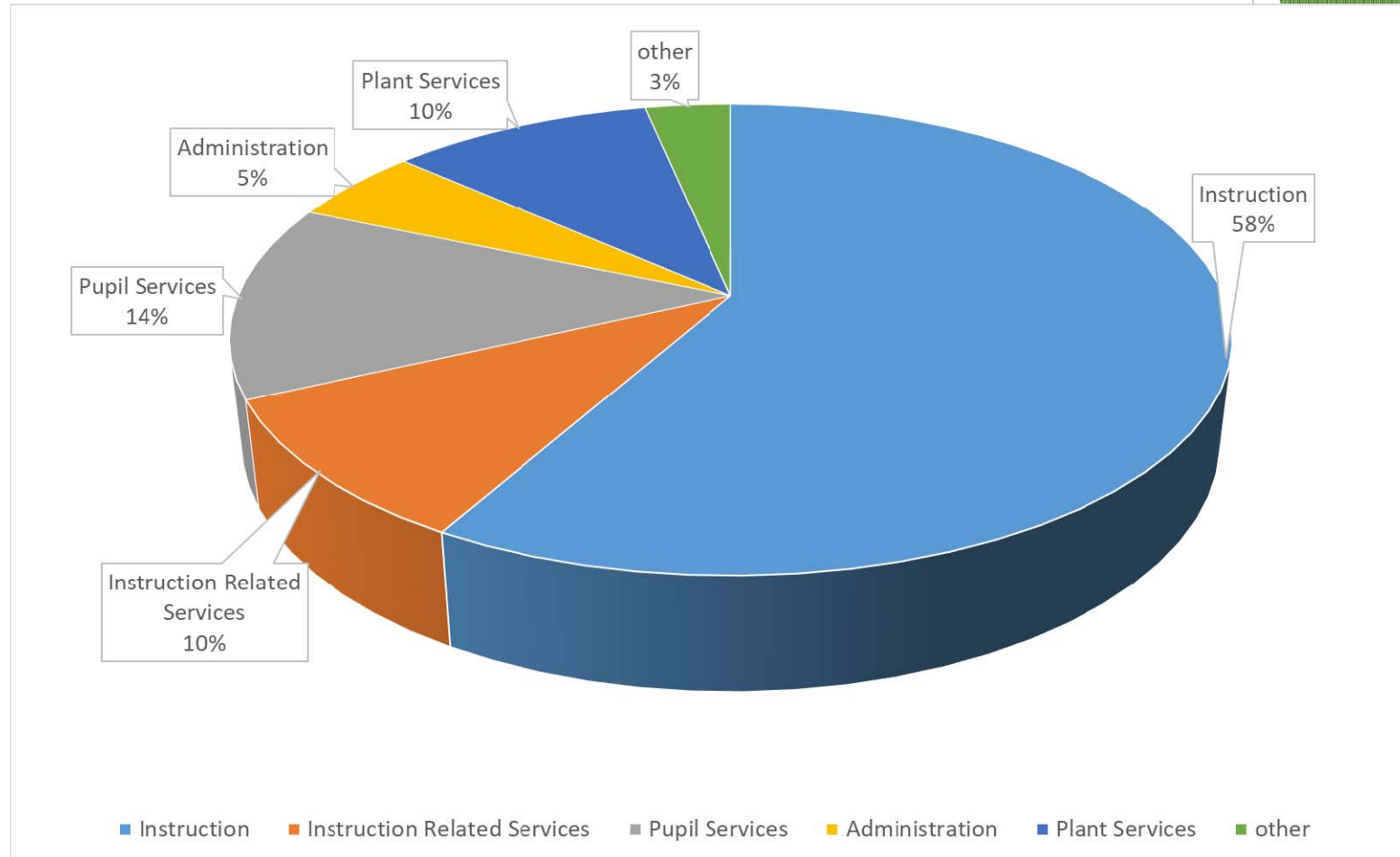
<b>Total Net Change in Fund Balance - Governmental Funds</b>		\$	428,310
Capital Outlays Less Depreciation Expense			(453,556)
Compensated Absences			(100,602)
Employment Benefit Obligations			(1,696,519)
Other Post Employment Benefits Obligations			(631,346)
<b>Repayment of Debt Obligation</b>			
General Obligation Bonds	1,300,035		
Certificates of Participation	1,100,000		
Lease Revenue Bonds	189,730		
State of California Loans	364,650		2,954,415
Amortization of Deferred Charge on Refunding			(26,525)
Interest on long-term obligations			(844,919)
<b>Total Change in Net Position - Governmental Activities</b>		\$	(370,742.00)



## Revenue Sources - Total Governmental Funds For the Year Ended June 30, 2019



## Expenditures - Total Governmental Funds For the Year Ended June 30, 2019



## Average Daily Attendance





## Comparison of General Fund Balance



# General Long Term Debt





Annual Financial Report  
June 30, 2019

## Sierra Sands Unified School District

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Sierra Sands Unified School District  
Ridgecrest, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sierra Sands Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sierra Sands Unified School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedule on page 69, schedule of changes in the District's total OPEB liability and related ratios on page 70, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 71, schedule of the District's proportionate share of the net pension liability on page 72, and the schedule of District contributions on page 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sierra Sands Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the Sierra Sands Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sierra Sands Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra Sands Unified School District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
December 11, 2019

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This section of Sierra Sands Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ending June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Sierra Sands Unified School District.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

---

### The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

**Governmental Activities** - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from the general obligation bonds, finance these activities.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

---

### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

### THE DISTRICT AS A TRUSTEE

#### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### FINANCIAL HIGHLIGHTS

- The District's total net position on June 30, 2019 was \$77,024,124 compared to \$77,394,866 on June 30, 2018.
- The District's government-wide revenues in 2018-2019 were \$73,574,838 compared to \$87,506,192 in 2017-2018.
- The District's total expenses in 2018-2019 were \$73,945,580 compared to \$63,003,546 in 2017-2018.
- The general fund reported a balance on June 30, 2019 of 16,446,457 compared to an ending balance of \$16,381,364 on June 30, 2018.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

### THE DISTRICT AS A WHOLE

#### Net Position

The District's net position was \$77,024,124 for the fiscal year ended June 30, 2019. Of this amount, \$(48,190,051) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities		Change	Percentage Change
	2019	2018		
<b>Assets</b>				
Current and other assets	\$ 32,295,351	\$ 32,646,671	\$ (351,320)	-1.1%
Capital assets	147,492,577	147,946,133	(453,556)	-0.3%
<b>Total Assets</b>	<b>179,787,928</b>	<b>180,592,804</b>	<b>(804,876)</b>	<b>(0.0)</b>
<b>Deferred Outflows of Resources</b>	<b>16,983,311</b>	<b>16,848,461</b>	<b>134,850</b>	<b>0.8%</b>
<b>Liabilities</b>				
Current liabilities	4,933,882	5,730,688	(796,806)	-13.9%
Long-term obligations	60,294,566	62,105,120	(1,810,554)	-2.9%
Aggregate net pension liability	51,315,371	49,366,052	1,949,319	3.9%
<b>Total Liabilities</b>	<b>116,543,819</b>	<b>117,201,860</b>	<b>(658,041)</b>	<b>(0.1)</b>
<b>Deferred Inflows of Resources</b>	<b>3,203,296</b>	<b>2,844,539</b>	<b>358,757</b>	<b>12.6%</b>
<b>Net Position</b>				
Net investment in capital assets	115,765,202	113,288,819	2,476,383	2.2%
Restricted	9,448,973	9,241,669	207,304	2.2%
Unrestricted	(48,190,051)	(45,135,622)	(3,054,429)	-6.8%
<b>Total Net Position</b>	<b>\$ 77,024,124</b>	<b>\$ 77,394,866</b>	<b>\$ (370,742)</b>	<b>-0.5%</b>

The \$(48,190,051) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations on a "full-accrual" basis. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 6.8 percent as shown above.

#### Net Pension Liability (NPL)

At year-end, the District had a net pension liability of \$51,315,371 as compared to prior year's net pension liability of \$49,366,052, an increase of \$1,949,319.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities		Change	Percentage Change
	2019	2018		
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 442,404	\$ 441,970	\$ 434	0.1%
Operating grants and contributions	13,979,237	9,505,182	4,474,055	0.0%
Capital grants and contributions	-	23,015,467	(23,015,467)	0.0%
General revenues:				
Federal and State aid not restricted	44,216,881	39,338,022	4,878,859	0.0%
Property taxes	9,007,059	9,854,348	(847,289)	0.0%
Other general revenues	5,929,257	5,351,203	578,054	0.0%
<b>Total Revenues</b>	<b>73,574,838</b>	<b>87,506,192</b>	<b>(13,931,354)</b>	<b>0.0</b>
<b>Expenses</b>				
Instruction-related	50,322,260	41,300,190	9,022,070	21.8%
Pupil services	9,908,199	8,188,147	1,720,052	21.0%
Administration	3,812,405	3,142,407	669,998	21.3%
Plant services	7,462,218	6,357,711	1,104,507	17.4%
Other	2,440,498	4,015,091	(1,574,593)	-39.2%
<b>Total Expenses</b>	<b>73,945,580</b>	<b>63,003,546</b>	<b>10,942,034</b>	<b>0.4</b>
<b>Change in Net Position</b>	<b>\$ (370,742)</b>	<b>\$ 24,502,646</b>	<b>\$ (24,873,388)</b>	<b>-101.5%</b>



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

### Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$73,945,580. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$9,007,059 because the cost was paid by those who benefited from the programs (\$442,404) or by other governments and organizations who subsidized certain programs with grants and contributions (\$13,979,237). We paid for the remaining "public benefit" portion of our governmental activities with \$50,146,138 in State unrestricted funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, instruction-related services including, supervision of instruction and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 43,017,759	\$ 35,477,187	\$ 33,860,600	\$ 6,575,052
Instruction-related services	7,304,501	5,823,003	6,262,017	5,129,516
Pupil services	9,908,199	8,188,147	6,277,280	5,013,498
Administration	3,812,405	3,142,407	3,541,542	3,006,946
Plant services	7,462,218	6,357,711	7,312,582	6,346,891
Other	2,440,498	4,015,091	2,269,918	3,969,024
<b>Total</b>	<b>\$ 73,945,580</b>	<b>\$ 63,003,546</b>	<b>\$ 59,523,939</b>	<b>\$ 30,040,927</b>

The major factors for increased expenditures are related to the negotiated settlement agreements with the employee bargaining units. Salaries/Benefits costs increased six percent over the prior year and are reflective of the implementation of several positions related to the increased need to provide services to unduplicated pupil demographic populations as well as the increasing costs of retirement system contributions and negotiated contract settlements.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$27,530,841, which is an increase of \$428,310 from last year (Table 4).

**Table 4**

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	\$ 16,381,364	\$ 65,648,679	\$ 65,583,586	\$ 16,446,457
Child Development Fund	200,557	613,708	554,075	260,190
Cafeteria Fund	196,650	1,966,809	2,125,453	38,006
Building Fund	-	2,049	-	2,049
Capital Facilities Fund	53,819	389,280	135,169	307,930
County School Facilities Fund	3,417,752	61,329	1,259,428	2,219,653
Special Reserve Fund for Capital Outlay Projects	2,696,094	3,672,498	3,168,838	3,199,754
IKSFA Blended Component Unit Fund	1,059,396	935,763	80,500	1,914,659
Bond Interest and Redemption Fund	1,680,107	1,572,795	1,532,231	1,720,671
Debt Service Fund for Blended Component Units	1,416,792	2,765,676	2,760,996	1,421,472
<b>Total</b>	<b>\$ 27,102,531</b>	<b>\$ 77,628,586</b>	<b>\$ 77,200,276</b>	<b>\$ 27,530,841</b>

The primary reasons for these changes are:

Cafeteria Fund continues to deficit spend and is closely monitored for early identification of contributions from the General Fund to maintain this fund and the services associated with it. Special Reserve Fund for Capital Outlay Projects is used as the funding source for the Burroughs High School Federal Department of Defense Modernization Reimbursement Grant and the Murray Middle School Federal Department of Defense Construction Grant projects which were finalized in this fiscal year.

Other Funds changes in balances are related to the appropriate use of these funds or the adjustment of debt due to refunding bonds to reduce costs to the taxpayers.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 69).

While the District's final budget for the general fund anticipated that the district would deficit spend (expenditures would exceed revenues by \$1,265,884, including transfers), the actual results for the year show revenues exceeded expenditures by \$65,093.

- Actual revenues were \$4,404,319 more than expected, due mostly to the posting for STRS on behalf payments that are reflected in the actual revenues but were not included in budgeted amounts.
- Actual expenditures were \$2,670,550 more than final budget, with a large portion of the difference also being attributed to the STRS on behalf payment that is reflected in actual expenditures but is not included in the budgeted amounts.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2019, the District had \$147,492,577 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$453,556 or 0.3 percent, from last year (Table 5).

**Table 5**

	Governmental Activities		Change	Percentage Change
	2019	2018		
Land and construction in progress	\$ 174,529	\$ 78,804,224	\$ (78,629,695)	-99.8%
Buildings and improvements	145,075,672	66,710,680	78,364,992	117.5%
Equipment	2,242,376	2,431,229	(188,853)	-7.8%
<b>Total</b>	<b>\$ 147,492,577</b>	<b>\$ 147,946,133</b>	<b>\$ (453,556)</b>	<b>-0.3%</b>

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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#### Long-Term Obligations

At the end of this year, the District had \$60,294,566 in long-term obligations versus \$62,105,120 last year, a decrease of 2.9 percent. There were no significant additions to long-term obligations in the current year. See Note 9 for additional details. All long-term obligations consisted of:

**Table 6**

	Governmental Activities		Change	Percentage
	2019	2018		Change
General obligation bonds	\$ 25,561,861	\$ 25,999,801	\$ (437,940)	-1.7%
Certificates of participation	10,850,000	11,950,000	(1,100,000)	-9.2%
Lease revenue bonds	2,680,720	2,870,450	(189,730)	-6.6%
State of California Loans	378,949	743,599	(364,650)	-49.0%
Compensated absences	128,494	27,892	100,602	360.7%
Net other postemployment benefits (OPEB) liability	20,694,542	20,513,378	181,164	0.9%
<b>Total</b>	<b>\$ 60,294,566</b>	<b>\$ 62,105,120</b>	<b>\$ (1,810,554)</b>	<b>-2.9%</b>

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the governing board and management followed the approved budget guidelines and used the following criteria:

The key assumptions in our revenue forecast are:

- Once the Local Control Funding Formula (LCFF) has been fully implemented, future increases in funding are expected to be based on COLA only.
- The budget is driven by the Local Control Accountability Plan (LCAP). Future budget considerations will include increased demand on resources in terms of new and improved services to students to close the achievement gap.
- Employer contributions to STRS and PERS will continue to significantly increase in the following years.
- Ongoing funding must be allocated to support continuing expenditures in the areas of technology in support of Common Core implementation.

## **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Pamela Smith, Assistant Superintendent, Business and Support Services, at Sierra Sands Unified School District, 113 West Felspar, Ridgecrest, California, 93555, or e-mail at [psmith@ssusd.org](mailto:psmith@ssusd.org).

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2019

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 27,949,558
Receivables	4,275,432
Stores inventories	70,361
Capital assets	
Land and construction in progress	174,529
Capital assets being depreciated	188,005,292
Less: accumulated depreciation	(40,687,244)
Total Capital Assets	<u>147,492,577</u>
<b>Total Assets</b>	<u><b>179,787,928</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	298,401
Deferred outflows of resources related to pensions	14,748,670
Deferred outflows of resources related to net OPEB liability	1,936,240
<b>Total Deferred Outflows of Resources</b>	<u><b>16,983,311</b></u>
<b>LIABILITIES</b>	
Accounts payable	4,660,715
Accrued interest payable	169,372
Unearned revenue	103,795
Long-term obligations:	
Current portion of long-term obligations other than pensions	3,091,007
Noncurrent portion of long-term obligations other than pensions	57,203,559
Total Long-Term Obligations	<u>60,294,566</u>
Aggregate net pension liability	51,315,371
<b>Total Liabilities</b>	<u><b>116,543,819</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	2,914,766
Deferred inflows of resources related to net OPEB liability	288,530
<b>Total Deferred Inflows of Resources</b>	<u><b>3,203,296</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	115,765,202
Restricted for:	
Debt service	2,972,771
Capital projects	2,527,583
Educational programs	1,936,642
Other activities	2,011,977
Unrestricted	(48,190,051)
<b>Total Net Position</b>	<u><b>\$ 77,024,124</b></u>

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Instruction	\$ 43,017,759	\$ 4,279	\$ 9,152,880	\$ (33,860,600)
Instruction-related activities:				
Supervision of instruction	1,898,887	560	670,190	(1,228,137)
Instructional library, media, and technology	777,873	-	31,461	(746,412)
School site administration	4,627,741	2	340,271	(4,287,468)
Pupil services:				
Home-to-school transportation	2,864,467	-	108,519	(2,755,948)
Food services	2,327,160	309,096	1,562,456	(455,608)
All other pupil services	4,716,572	-	1,650,848	(3,065,724)
Administration:				
Data processing	129,748	-	28,011	(101,737)
All other administration	3,682,657	67	242,785	(3,439,805)
Plant services	7,462,218	1,425	148,211	(7,312,582)
Ancillary services	387,896	-	4,751	(383,145)
Community services	15,282	-	14,840	(442)
Enterprise services	24,249	-	1,103	(23,146)
Interest on long-term obligations	2,007,776	-	-	(2,007,776)
Other outgo	5,295	126,975	22,911	144,591
<b>Total Governmental Activities</b>	<b>\$ 73,945,580</b>	<b>\$ 442,404</b>	<b>\$ 13,979,237</b>	<b>(59,523,939)</b>
General revenues and subventions:				
Property taxes, levied for general purposes				6,254,798
Property taxes, levied for debt service				1,541,111
Taxes levied for other specific purposes				1,211,150
Federal and State aid not restricted to specific purposes				44,216,881
Interest and investment earnings				458,070
Interagency revenues				80,500
Miscellaneous				5,390,687
<b>Subtotal, General Revenues</b>				<b>59,153,197</b>
<b>Change in Net Position</b>				<b>(370,742)</b>
Net Position - Beginning				77,394,866
Net Position - Ending				<b>\$ 77,024,124</b>

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2019

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Deposits and investments	\$ 17,760,517	\$ 1,063,468	\$ 9,125,573	\$ 27,949,558
Receivables	2,888,945	6,768	1,379,719	4,275,432
Due from other funds	307,519	-	867,524	1,175,043
Stores inventories	56,870	-	13,491	70,361
<b>Total Assets</b>	<b>\$ 21,013,851</b>	<b>\$ 1,070,236</b>	<b>\$ 11,386,307</b>	<b>\$ 33,470,394</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 4,542,726	\$ 2,098	\$ 115,891	\$ 4,660,715
Due to other funds	3,135	760,208	411,700	1,175,043
Unearned revenue	21,533	-	82,262	103,795
<b>Total Liabilities</b>	<b>4,567,394</b>	<b>762,306</b>	<b>609,853</b>	<b>5,939,553</b>
<b>Fund Balances:</b>				
Nonspendable	96,870	-	13,491	110,361
Restricted	1,936,642	307,930	7,375,822	9,620,394
Committed	1,330,456	-	3,387,141	4,717,597
Assigned	4,096,276	-	-	4,096,276
Unassigned	8,986,213	-	-	8,986,213
<b>Total Fund Balances</b>	<b>16,446,457</b>	<b>307,930</b>	<b>10,776,454</b>	<b>27,530,841</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,013,851</b>	<b>\$ 1,070,236</b>	<b>\$ 11,386,307</b>	<b>\$ 33,470,394</b>

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



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

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Total Fund Balance - Governmental Funds \$ 27,530,841

**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 as assets in governmental funds.

The cost of capital assets is: \$ 188,179,821

Accumulated depreciation is: (40,687,244)

Net Capital Assets 147,492,577

In governmental funds, unmatured interest on long-term obligations is  
recognized in the period when it is due. On the government-wide  
financial statements, unmatured interest on long-term obligations is  
recognized when it is incurred.

(169,372)

Deferred charges on refunding (the difference between the reacquisition  
price and net carrying amount of refunded debt) are capitalized and  
amortized over the remaining life of the new or old debt (whichever is  
shorter) and are included with governmental activities.

298,401

Deferred outflows of resources related to pensions represent a consumption  
of net position in a future period and is not reported in the District's funds.

Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date 5,378,419

Net change in proportionate share of net pension liability 1,003,317

Differences between projected and actual earnings on pension  
plan investments 127,673

Differences between expected and actual experience in the  
measurement of the total pension liability 1,131,277

Changes of assumptions 7,107,984

Total Deferred Outflows of Resources

Related to Pensions 14,748,670

Deferred inflows of resources related to pensions represent an acquisition  
of net position that applies to a future period and is not reported in the  
District's funds. Deferred inflows of resources related to pensions at  
year-end consist of:

Net change in proportionate share of net pension liability (1,018,885)

Differences between projected and actual earnings on pension  
plan investments (1,376,595)

Differences between expected and actual experience in the  
measurement of the total pension liability (519,286)

Total Deferred Inflows of Resources

Related to Pensions (2,914,766)

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, (Continued) JUNE 30, 2019

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of:

OPEB contributions subsequent to measurement date	\$	1,636,216	
Changes of assumptions		<u>300,024</u>	
Total Deferred Outflows of Resources Related to OPEB			\$ 1,936,240

Deferred inflows of resources related to OPEB represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist differences between expected and actual experience in the measurement of the total OPEB liability. (288,530)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (51,315,371)

Long-term obligations, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term obligations at year-end consist of:

General obligation bonds	(18,118,156)	
Certificates of Participation	(10,850,000)	
Lease Revenue Refunding Bonds	(2,680,720)	
State of California Loans	(378,949)	
Accumulated vacation - net	(128,494)	
Net other postemployment benefits (OPEB) liability	(20,694,542)	
In addition, the District has issued "capital appreciation" general obligation bonds. The accretion of interest on the general obligation bonds to date is:	<u>(7,443,705)</u>	
Total Long-Term Obligations		<u>(60,294,566)</u>
Total Net Position - Governmental Activities		<u>\$ 77,024,124</u>

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Control Funding Formula	\$ 46,348,060	\$ -	\$ -	\$ 46,348,060
Federal sources	6,198,150	-	4,531,805	10,729,955
Other State sources	10,520,072	-	734,047	11,254,119
Other local sources	1,905,573	389,280	2,947,851	5,242,704
<b>Total Revenues</b>	<b>64,971,855</b>	<b>389,280</b>	<b>8,213,703</b>	<b>73,574,838</b>
<b>EXPENDITURES</b>				
Current				
Instruction	38,726,091	-	454,726	39,180,817
Instruction-related activities:				
Supervision of instruction	1,769,475	-	59,276	1,828,751
Instructional library, media, and technology	745,862	-	-	745,862
School site administration	4,422,999	-	1,440	4,424,439
Pupil services:				
Home-to-school transportation	1,813,615	-	-	1,813,615
Food services	144,945	-	2,125,155	2,270,100
All other pupil services	4,562,228	-	-	4,562,228
Administration:				
Data processing	91,749	-	-	91,749
All other administration	3,555,706	14,062	7,210	3,576,978
Plant services	6,870,719	119,404	21,492	7,011,615
Ancillary services	382,684	-	-	382,684
Community services	14,465	-	-	14,465
Other outgo	5,295	-	-	5,295
Enterprise services	22,768	-	-	22,768
Facility acquisition and construction	178,061	1,703	2,944,651	3,124,415
Debt service				
Principal	-	-	2,954,415	2,954,415
Interest and other	-	-	1,136,332	1,136,332
<b>Total Expenditures</b>	<b>63,306,662</b>	<b>135,169</b>	<b>9,704,697</b>	<b>73,146,528</b>
<b>Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)</b>	<b>1,665,193</b>	<b>254,111</b>	<b>(1,490,994)</b>	<b>428,310</b>
Transfers in	676,824	-	3,376,924	4,053,748
Transfers out	(2,276,924)	-	(1,776,824)	(4,053,748)
<b>Net Financing Sources (Uses)</b>	<b>(1,600,100)</b>	<b>-</b>	<b>1,600,100</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>65,093</b>	<b>254,111</b>	<b>109,106</b>	<b>428,310</b>
<b>Fund Balances - Beginning</b>	<b>16,381,364</b>	<b>53,819</b>	<b>10,667,348</b>	<b>27,102,531</b>
<b>Fund Balances - Ending</b>	<b>\$ 16,446,457</b>	<b>\$ 307,930</b>	<b>\$ 10,776,454</b>	<b>\$ 27,530,841</b>

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

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Total Net Change in Fund Balances - Governmental Funds \$ 428,310

**Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 2,862,331	
Depreciation expense	<u>(3,315,887)</u>	
Net expense adjustment		(453,556)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there are no special termination benefits. Vacation earned was more than the amounts used by \$100,602.

(100,602)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

(1,696,519)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.

(631,346)

Repayment of debt obligation is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	1,300,035	
Certificates of participation	1,100,000	
Lease revenue bonds	189,730	
State of California Loans	<u>364,650</u>	
Combined adjustment		2,954,415

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

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued) FOR THE YEAR ENDED JUNE 30, 2019

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Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:

Amortization of deferred charge on refunding	\$	(26,525)
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Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and refunding certificates of participation decreased by \$17,176, and second, \$862,095 of accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

	(844,919)
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**Change in Net Position of Governmental Activities**

\$	<u>(370,742)</u>
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The accompanying notes are an integral part of these financial statements.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

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	<b>Associated Student Bodies</b>
<b>ASSETS</b>	
Deposits and investments	\$ 548,601
<b>LIABILITIES</b>	
Accounts payable	\$ 5,475
Due to student groups	543,126
<b>Total Liabilities</b>	<b>\$ 548,601</b>

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Sierra Sands Unified School District (the District) was organized in 1974 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, one comprehensive high school, a continuation high school, an adult school, and a preschool program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Sierra Sands Unified School District, this includes general operations, food service, and student related activities of the District.

#### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Inyo-Kern Schools Financing Authority was formed by a joint exercise powers agreement dated December 3, 1990, between the Sierra Sands Unified School District (Sierra Sands) and the Lone Pine Unified School District (Lone Pine). The purpose of the Authority is to provide assistance for the educational purposes of Sierra Sands and Lone Pine. The Authority is a public entity separate and distinct from each of its participant districts.

The Authority is administered by a Board of Directors consisting of all the persons who act as the members of the Board of Education of Sierra Sands, together with one member of the Board of Education of Lone Pine, as may be designated by such Board. The Board of Directors has decision-making authority, the power to designate management, the ability to influence operations and primary accountability for fiscal matters.

Sierra Sands and Lone Pine have reorganized by the transfer of certain land from the territory of Sierra Sands to the territory of Lone Pine. In consideration of the mutual undertaking of the reorganization, Lone Pine conveyed to the Authority fee title to certain land together with buildings, facilities and improvements situated thereon, which are currently not used or needed for classroom buildings. Such real property is leased by the Authority to Lone Pine pursuant to the Lease Agreement dated December 3, 1990. The Lease Agreement became effective for the fiscal year ended June 30, 1992. The value of the real property conveyed to the Authority from the Lone Pine Unified School District was not determinable at June 30, 2017. The value of the real property was not determinable, as governmental property in Inyo County is not assessed. The financial activity related to the Lease Agreement is presented in the financial statements as the IKSFA Blended Component Unit Fund.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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Sierra Sands issued 2010 Certificates of Participation (Qualified School Construction Bonds) pursuant to a lease agreement between Sierra Sands and the Authority. In addition, the Authority has issued 2017 Lease Revenue Refunding Bonds pursuant to a lease agreement between Sierra Sands and the Authority. The financial activity with respect to the 2010 Certificates of Participation and the 2017 Lease Revenue Refunding Bonds is presented in the financial statements within the Debt Service Fund for Blended Component Units. Certificates of participation of Sierra Sands and lease revenue bonds issued by the Authority are included as long-term liabilities in the government-wide financial statements.

In addition to inclusion in this report as a component unit of Sierra Sands Unified School District, the Authority issues separate financial statements solely for the Authority. This report or additional financial information can be provided by contacting the Assistant Superintendent of Business and Support Services at Sierra Sands Unified School District, 113 West Felspar, Ridgecrest, California 93555.

### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

### **Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits are included in the General Fund for financial reporting purposes in accordance with GASB Statement No. 54.

As a result, the General Fund reflects an increase in fund balance of \$9,423,636.

**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Non-Major Governmental Funds

**Special Revenue Funds** The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

**Child Development Fund** The Child Development Fund is used to account separately for federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

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

**Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

**IKSFA Blended Component Unit Fund** The IKSFA Blended Component Unit Fund is established pursuant to a lease agreement between Sierra Sands Unified School District, Lone Pine Unified School District and the Inyo-Kern Schools Financing Authority for the receipt of lease revenues from Lone Pine Unified School District to be used for purposes as authorized by the joint powers agreement and as approved by the Board of Inyo-Kern Schools Financing Authority for the benefit of Sierra Sands Unified School District.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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**Debt Service Funds** The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

**Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

**Fiduciary Funds** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

### Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchasing or during the benefiting period. The District has chosen to report the expenditures when paid.

### Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental and fiduciary funds when used.

### Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, ten to 20 years; equipment, five to ten years.

# **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

### **Compensated Absences**

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accrued Liabilities and Long-Term Obligations**

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

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

### **Debt Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and OPEB related items.

### Pensions

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

### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and MPP. For this purpose, the District Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms.

### Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### Spending Order Policy

When an expenditure is incurred for purposes 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, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of General Fund expenditures and other financing uses.

### Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$9,448,973 of restricted net position.

### Interfund Activity

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

### Estimates

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Property Tax

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

### Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The District has implemented the provisions of this Statement as of June 30, 2019.

### New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) 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.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. 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. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement 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.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 27,949,558
Fiduciary funds	548,601
Total Deposits and Investments	<u>\$ 28,498,159</u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	\$ 2,050,073
Cash in revolving	40,000
Investments	26,408,086
Total Deposits and Investments	<u>\$ 28,498,159</u>

#### Policies and Practices

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

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

### Investments Authorized Under Debt Agreement

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Financing Bank	N/A	None	None
Export-Import Bank	N/A	None	None
Rural Economic Community Development Administration	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### Investments Authorized Under Debt Agreement (Continued)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsored Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Kern County Treasury Investment Pool and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
Kern County Treasury Investment Pool	\$ 26,408,086	581

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2019.

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District was exposed to \$1,561,098 of custodial credit risk, as these funds were uninsured and not collateralized.

### NOTE 3 - FAIR VALUE MEASUREMENTS

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

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

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Uncategorized
Kern County Treasury Investment Pool	\$ 26,408,086	\$ 26,408,086

### NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	\$ 2,258,266	\$ -	\$ 330,109	\$ 2,588,375
State Government				
Categorical aid	282,220	-	82,541	364,761
Lottery	115,318	-	-	115,318
Special Education	112,169	-	-	112,169
Local Government				
Interest	109,086	6,768	37,949	153,803
Due from Lone Pine USD	-	-	922,962	922,962
Other Local Sources	11,886	-	6,158	18,044
Total	<u>\$ 2,888,945</u>	<u>\$ 6,768</u>	<u>\$ 1,379,719</u>	<u>\$ 4,275,432</u>



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 174,529	\$ -	\$ -	\$ 174,529
Construction in Progress	78,629,695	-	78,629,695	-
Total Capital Assets Not Being Depreciated	78,804,224	-	78,629,695	174,529
Capital Assets Being Depreciated:				
Buildings and Improvements	98,558,658	81,262,999	-	179,821,657
Furniture and Equipment	7,954,608	229,027	-	8,183,635
Total Capital Assets Being Depreciated	106,513,266	81,492,026	-	188,005,292
Total Capital Assets	185,317,490	81,492,026	78,629,695	188,179,821
Less Accumulated Depreciation:				
Buildings and Improvements	31,847,978	2,898,007	-	34,745,985
Furniture and Equipment	5,523,379	417,880	-	5,941,259
Total Accumulated Depreciation	37,371,357	3,315,887	-	40,687,244
Governmental Activities Capital Assets, Net	\$ 147,946,133	\$ 78,176,139	\$ 78,629,695	\$ 147,492,577

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

<b>Governmental Activities</b>	
Instruction	\$ 2,321,121
Home-to-school transportation	994,766
Total Depreciation Expenses Governmental Activities	\$ 3,315,887

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 6 - INTERFUND TRANSACTIONS

#### Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ 307,519	\$ 307,519
Non-Major Governmental Funds	3,135	760,208	104,181	867,524
Total	\$ 3,135	\$ 760,208	\$ 411,700	\$ 1,175,043

A balance of \$32 is due from the General Fund to the Child Development Non-Major Governmental Fund for reimbursement of operating expenditures.

A balance of \$3,103 is due from the General Fund to the Cafeteria Non-Major Governmental Fund for reimbursement of operating expenditures.

The balance of \$760,208 is due from the Capital Facilities Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of qualifying expenditures.

A balance of \$300,000 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for a temporary loan.

A balance of \$1,262 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for reimbursement of operating expenditures.

A balance of \$6,257 is due from the Child Development Non-Major Governmental Fund to the General Fund for reimbursement of operating expenditures.

The balance of \$104,181 is due from the Building Non-Major Governmental Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of qualifying expenditures.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 676,824	\$ 676,824
Non-Major Governmental Funds	2,276,924	1,100,000	3,376,924
Total	\$ 2,276,924	\$ 1,776,824	\$ 4,053,748

The General Fund transferred \$1,209,179 to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects RDA revenues not subject to LCFF calculation.

The General Fund transferred \$3,073 to the Cafeteria Non-Major Governmental Fund for reimbursement of operating costs.

The General Fund transferred \$1,064,672 to the Debt Service Fund for Blended Component Units Non-Major Governmental Fund for debt service payments on the COP and Lease Revenue Bonds.

The County School Facilities Non-Major Governmental Fund transferred \$1,100,000 to the Debt Service Fund for Blended Component Units Non-Major Governmental Fund for the principal payment on the COP.

The Debt Service Fund for Blended Component Units Non-Major Governmental Fund transferred \$596,324 to the General Fund for the interest subsidy received on the COP - Qualified School Construction Bonds.

The IKSFA Blended Component Unit Non-Major Governmental Fund transferred \$80,500 to the General Fund for charter school settlement payment.

### NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total	Fiduciary Funds
Salaries and benefits	\$ 2,604,198	\$ -	\$ 7,368	\$ 2,611,566	\$ -
LCFF apportionment	1,039,333	-	-	1,039,333	-
Supplies and services	832,516	2,098	38,066	872,680	-
Capital outlay	42,404	-	311	42,715	-
Due to County	-	-	67,425	67,425	-
Other vendor payables	24,275	-	2,721	26,996	5,475
Total	\$ 4,542,726	\$ 2,098	\$ 115,891	\$ 4,660,715	\$ 5,475

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

### NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 21,533	\$ -	\$ 21,533
State categorical aid	-	82,262	82,262
Total	\$ 21,533	\$ 82,262	\$ 103,795

### NOTE 9 - LONG-TERM OBLIGATIONS

#### Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General Obligation bonds	\$ 25,999,801	\$ 862,095	\$ 1,300,035	\$ 25,561,861	\$ 1,414,805
Certificates of Participation	11,950,000	-	1,100,000	10,850,000	1,100,000
Lease Revenue Bonds	2,870,450	-	189,730	2,680,720	197,253
State of California Loans	743,599	-	364,650	378,949	378,949
Compensated Absences	27,892	100,602	-	128,494	-
Net other postemployment benefits (OPEB) liability	20,513,378	2,628,545	2,447,381	20,694,542	-
	\$ 62,105,120	\$ 3,591,242	\$ 5,401,796	\$ 60,294,566	\$ 3,091,007

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Debt Service Fund for Blended Component Units makes payments for the Certificates of Participation and Lease Revenue Bonds with contributions transferred from the General Fund and County School Facilities Fund. The compensated absences will be paid by the fund for which the employee worked. The State of California Loans are paid by the Special Reserve Fund for Capital Outlay Projects and the Child Development Fund. Net other postemployment benefits (OPEB) liability are generally paid by the General Fund.

The District's outstanding certificates of participation of \$10,850,000 are secured with collateral of parcels of real property commonly known as James Monroe Middle School and Faller Elementary School.

The District's outstanding lease revenue bonds of \$2,680,720 are secured with collateral of parcels of real property commonly known as Gateway Elementary School and Sierra Vista Center.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Accreted	Redeemed	Bonds Outstanding June 30, 2019
8/30/06	11/1/31	3.75-5.0%	\$ 19,467,868	\$ 8,314,351	\$ 408,152	\$ -	\$ 8,722,503
12/18/08	11/1/33	3.86-6.76%	5,401,532	6,267,645	453,943	165,000	6,556,588
9/28/17	11/1/29	2.14%	11,668,508	11,417,805	-	1,135,035	10,282,770
				<u>\$ 25,999,801</u>	<u>\$ 862,095</u>	<u>\$ 1,300,035</u>	<u>\$ 25,561,861</u>

### General Obligation Bonds, Election of 2006, Series 2006A

On August 30, 2006, the District issued \$19,467,868 of General Obligation Bonds, Election of 2006, Series 2006A. The Series 2006A bonds were issued as current interest and capital appreciation bonds. The bonds have a final maturity of November 1, 2031 with interest rate yields of 3.75 to 5.00 percent. Proceeds from the sale of the bonds are being used to finance the upgrade, expansion, and construction of school facilities throughout the District and to pay the cost of issuing the bonds. A portion of the bonds were refunded with the issuance of the 2017 General Obligation Refunding Bonds. At June 30, 2019, the principal balance outstanding of the General Obligation Bonds, Election of 2006, Series 2006A was \$8,722,503.

### General Obligation Bonds, Election of 2006, Series 2008

On December 18, 2008, the District issued \$5,401,532 of 2016 General Obligation Bonds, Election of 2006, Series 2008. The Series 2008 bonds were issued as current interest and capital appreciation bonds. The bonds have a final maturity of November 1, 2033, with interest rate yields of 3.86 to 6.76 percent. Proceeds from the sale of the bonds are being used to finance the upgrade, renovation, acquisition, and construction of school facilities throughout the District and to pay the cost of issuing the bonds. A portion of the bonds were refunded with the issuance of the 2017 General Obligation Refunding Bonds. At June 30, 2019, the principal balance outstanding of the General Obligation Bonds, Election of 2006, Series 2008 was \$6,556,588.

### 2017 General Obligation Refunding Bonds (Private Placement Refunding)

On September 28, 2017, the District issued \$11,668,508 of 2017 General Obligation Refunding Bonds as a private placement refunding. The 2017 refunding bonds were issued as current interest bonds. The bonds have a final maturity of November 1, 2029 with an interest yield of 2.14 percent. Proceeds from the sale of the bonds were used to refund a portion of the outstanding General Obligation Bonds, Election of 2006, Series 2006A and Series 2008. The Series 2006A refunding resulted in a cumulative cash flow savings of \$1,035,477 over the life of the new debt and an economic gain of \$952,408, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.14 percent. The Series 2008 refunding resulted in a cumulative cash flow savings of \$687,184 over the life of the new debt and an economic gain of \$569,231, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.14 percent. Deferred charges of \$298,401 remain to be amortized. As of June 30, 2019, the principal balance outstanding was \$10,282,770.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

The bond matures through 2034, as follows:

Year Ending, June 30,	Principal	Accreted Interest	Current Interest to Maturity	Total
2020	\$ 1,403,198	\$ 11,607	\$ 207,106	\$ 1,621,911
2021	1,496,524	39,299	180,350	1,716,173
2022	1,586,671	72,039	151,839	1,810,549
2023	1,726,998	65,123	121,496	1,913,617
2024	1,853,314	95,512	89,206	2,038,032
2025-2029	9,218,635	3,105,764	181,469	12,505,868
2030-2034	8,276,521	8,587,071	7,206	16,870,798
Total	<u>\$ 25,561,861</u>	<u>\$ 11,976,415</u>	<u>\$ 938,672</u>	<u>\$ 38,476,948</u>

### Certificates of Participation

On July 14, 2010, the District issued the 2010 Series A Taxable Certificates of Participation (Direct Subsidy Qualified School Construction Bonds) in the amount of \$14,150,000 pursuant to a lease agreement between the District and the Inyo-Kern Schools Financing Authority. The Certificates have a final maturity date of June 1, 2026, with an interest rate of 6.75 percent. Proceeds from the Certificates were used to finance the modernization, equipping, furnishing, and/or improving of certain capital facilities of the District and to pay for cost of issuance. As of June 30, 2019, the principal balance outstanding was \$10,850,000.

The certificates mature through 2026 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2020	\$ 1,100,000	\$ 732,375	\$ 1,832,375
2021	1,100,000	658,125	1,758,125
2022	1,100,000	583,875	1,683,875
2023	1,100,000	509,625	1,609,625
2024	1,100,000	435,375	1,535,375
2025-2026	5,350,000	648,000	5,998,000
Total	<u>\$ 10,850,000</u>	<u>\$ 3,567,375</u>	<u>\$ 14,417,375</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### 2017 Lease Revenue Refunding Bonds (Private Placement Refunding)

On October 5, 2017, the District, through the Inyo-Kern Schools Financing Authority (the Authority) and pursuant to a lease agreement with the Authority, issued \$3,087,684 in 2017 Lease Revenue Refunding Bonds. The District and the Authority, in order to facilitate the financing of the project, entered into a lease agreement by which the District will lease to the Authority those certain parcels of real property located within the District and pursuant to a sublease, the Authority will sublease the property to the District, with the District required to pay base rental to the Authority as payment for the bonds. The bonds have a final maturity date of May 1, 2031, with an interest rate of 2.38 percent. Proceeds from the bonds were used to refinance all of the prior Lease Revenue Bonds, Series 2007, which were previously issued to finance the acquisition and construction of designated school facilities. The refunding resulted in a cumulative cash flow savings of \$471,945 over the life of the new debt and an economic gain of \$404,214, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.38 percent. At June 30, 2019, the principal balance outstanding was \$2,680,720.

The bonds mature through 2031 as follows:

Year Ending June 30,	Principal Including Accreted Interest to Date	Current Interest to Maturity	Total
2020	\$ 197,253	\$ 63,801	\$ 261,054
2021	200,178	59,107	259,285
2022	202,996	54,342	257,338
2023	210,128	49,511	259,639
2024	216,730	44,510	261,240
2025-2029	1,153,600	143,249	1,296,849
2030-2031	499,835	17,903	517,738
Total	<u>\$ 2,680,720</u>	<u>\$ 432,423</u>	<u>\$ 3,113,143</u>

### State of California Loans

In February 2010, the District entered into an agreement with the State of California Department of General Services for the construction of the Career Tech Education Building. The contract is for a ten-year period payable annually with an interest rate of 4.161 percent. At June 30, 2019, the principal balance outstanding was \$357,949.

In June 2011, the District entered into an agreement with the State of California Department of Education for replacement and/or expansion of facilities. The contract is for a ten-year period payable annually with no interest. At June 30, 2019, the principal balance outstanding was \$21,000.

The contracts mature through 2020 as follows:

Fiscal Year	Principal	Interest	Total
2020	<u>\$ 378,949</u>	<u>\$ 14,894</u>	<u>\$ 393,843</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

### Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$128,494.

### Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 20,427,302	\$ 1,936,240	\$ 288,530	\$ 652,780
Medicare Premium Payment (MPP) Program	267,240	-	-	(21,434)
Total	<u>\$ 20,694,542</u>	<u>\$ 1,936,240</u>	<u>\$ 288,530</u>	<u>\$ 631,346</u>

The details of each plan are as follows:

#### District Plan

##### Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

##### *Plan Membership*

At June 30, 2018, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	70
Active employees	446
	<u>516</u>



**SIERRA SANDS UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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*Benefits Provided*

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Sierra Sands Teacher Association (SSTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the agreements with the District, SSTA, CSEA, and the unrepresented groups. For measurement date June 30, 2018, the District paid \$2,097,892 in benefits.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$20,427,302 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.62 percent
Healthcare cost trend rates	6.00 percent for 2018

The discount rate was based on the Municipal Bond 20-Year High Grade Rate Index.

Pre-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. If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2018.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 20,224,704
Service cost	1,686,968
Interest	600,454
Differences between expected and actual experience	(328,055)
Changes of assumptions or other inputs	341,123
Benefit payments	(2,097,892)
Net change in total OPEB liability	202,598
Balance at June 30, 2019	\$ 20,427,302

There were no changes to benefit terms in the June 30, 2018 actuarial report.

The discount rate changed from 3.13 in the 2017 valuation to 3.62 in the 2018 valuation and the health care cost trend rate changed from 5.00 in the 2017 valuation to 6.00 in the 2018 valuation.

#### *Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.62%)	\$ 21,689,512
Current discount rate (3.62%)	20,427,302
1% increase (4.62%)	19,250,582

#### *Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (5.0%)	\$ 18,841,163
Current healthcare cost trend rate (6.0%)	20,427,302
1% increase (7.0%)	22,245,638

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$652,780. At June 30, 2019, the District reported deferred inflow of resources and deferred outflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,636,216	\$ -
Differences between expected and actual experience	-	288,530
Changes of assumptions	300,024	-
Total	<u>\$ 1,936,240</u>	<u>\$ 288,530</u>

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

The deferred inflows of resources related to differences between expected and actual experience and the deferred outflows of resources related to changes of assumptions will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 1,574
2021	1,574
2022	1,574
2022	1,574
2023	1,574
Thereafter	3,624
	<u>\$ 11,494</u>

### Medicare Premium Payment (MPP) Program

#### Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

### OPEB Liabilities and OPEB Expense

At June 30, 2019, the District reported a liability of \$267,240 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.0698 percent, and 0.0686 percent, resulting in a net increase in the proportionate share of 0.0012 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(21,434).

### Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

### Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	\$ 295,581
Current discount rate (3.87%)	267,240
1% increase (4.87%)	241,651

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates*

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 243,696
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	267,240
1% increase (4.7% Part A and 5.1% Part B)	292,562

### NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>				
Revolving cash	\$ 40,000	\$ -	\$ -	\$ 40,000
Stores inventories	56,870	-	13,491	70,361
Total Nonspendable	96,870	-	13,491	110,361
<b>Restricted</b>				
Legally restricted program	1,936,642	-	97,318	2,033,960
Capital projects	-	307,930	4,136,361	4,444,291
Debt services	-	-	3,142,143	3,142,143
Total Restricted	1,936,642	307,930	7,375,822	9,620,394
<b>Committed</b>				
Adult education program	292,693	-	-	292,693
Deferred maintenance program	1,037,763	-	-	1,037,763
Capital projects	-	-	3,199,754	3,199,754
Child care	-	-	187,387	187,387
Total Committed	1,330,456	-	3,387,141	4,717,597
<b>Assigned</b>				
Postemployment benefits	2,120,182	-	-	2,120,182
Other	1,976,094	-	-	1,976,094
Total Assigned	4,096,276	-	-	4,096,276
<b>Unassigned</b>				
Reserve for economic uncertainties	8,882,812	-	-	8,882,812
Remaining unassigned	103,401	-	-	103,401
Total Unassigned	8,986,213	-	-	8,986,213
<b>Total</b>	<b>\$ 16,446,457</b>	<b>\$ 307,930</b>	<b>\$ 10,776,454</b>	<b>\$ 27,530,841</b>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### NOTE 11 - RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District contracted with Self-Insured Schools of California (SISC II), a joint powers authority, for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### Workers' Compensation

For fiscal year 2019, the District participated in the Self-Insured Schools of California (SISC I), a joint powers authority. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts. Each participant pays its workers' compensation premium based on its individual rate.

#### Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC III), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pools comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

### NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 35,749,862	\$ 10,449,881	\$ 2,547,072	\$ 4,156,021
CalPERS	15,565,509	4,298,789	367,694	2,918,917
Total	<u>\$ 51,315,371</u>	<u>\$ 14,748,670</u>	<u>\$ 2,914,766</u>	<u>\$ 7,074,938</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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The details of each plan are as follows:

### California State Teachers' Retirement System (CalSTRS)

#### **Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

### Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$3,781,867.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 35,749,862
State's proportionate share of the net pension liability associated with the District	20,468,468
Total	<u>\$ 56,218,330</u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.0389 percent and 0.0379 percent, resulting in a net increase in the proportionate share of 0.0010 percent.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2019**

For the year ended June 30, 2019, the District recognized pension expense of \$4,156,021. In addition, the District recognized pension expense and revenue of \$2,404,583 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,781,867	\$ -
Net change in proportionate share of net pension liability	1,003,318	651,191
Differences between projected and actual earnings on pension plan investments	-	1,376,595
Differences between expected and actual experience in the measurement of the total pension liability	110,859	519,286
Changes of assumptions	5,553,837	-
Total	<u>\$ 10,449,881</u>	<u>\$ 2,547,072</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 298,898
2021	(216,888)
2022	(1,154,910)
2023	(303,695)
Total	<u>\$ (1,376,595)</u>

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 954,233
2021	954,233
2022	954,234
2023	1,244,426
2024	1,283,003
Thereafter	107,408
Total	<u>\$ 5,497,537</u>

#### Actuarial Methods and Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

#### Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 52,369,365
Current discount rate (7.10%)	35,749,862
1% increase (8.10%)	21,970,682

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### California Public Employees Retirement System (CalPERS)

#### Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$1,596,551.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$15,565,509. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.0584 percent and 0.0600 percent, resulting in a net decrease in the proportionate share of 0.0016 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$2,918,917. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,596,551	\$ -
Net change in proportionate share of net pension liability	-	367,694
Differences between projected and actual earnings on pension plan investments	127,673	-
Differences between expected and actual experience in the measurement of the total pension liability	1,020,418	-
Changes of assumptions	1,554,147	-
Total	<u>\$ 4,298,789</u>	<u>\$ 367,694</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 464,372
2021	111,051
2022	(355,875)
2023	(91,875)
Total	<u>\$ 127,673</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 958,679
2021	987,450
2022	260,742
Total	<u>\$ 2,206,871</u>

#### Actuarial Methods and Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 22,662,637
Current discount rate (7.15%)	15,565,509
1% increase (8.15%)	9,677,426



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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### Alternative Retirement System (SISC Defined Benefit Plan)

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the SISC Defined Benefit Plan as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 4.4 percent of an employee's gross earnings. An employee (hired after January 1, 2013) is required to contribute 1.6 percent (of the 4.4 percent) of his or her gross earnings to the pension plan. The District's contributions to SISC Defined Benefit Plan for the fiscal year ending June 30, 2019 was \$24,432.

### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,889,122 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule*.

## NOTE 13 - COMMITMENTS AND CONTINGENCIES

### Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

# **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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### **NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS**

The District is a member of the SISC III, SISC I, and the SISC II public entity risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage.

The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2019, the District made payments of \$468,899, \$396,806, and \$10,399,478, to SISC I, SISC II, and SISC III, respectively, for the coverage's noted above.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
<b>REVENUES</b>				
Local Control Funding Formula	\$ 45,444,016	\$ 45,975,268	\$ 46,348,060	\$ 372,792
Federal sources	5,030,271	6,420,474	6,198,150	(222,324)
Other State sources	6,110,582	6,372,657	10,520,072	4,147,415
Other local sources	483,700	1,799,137	1,905,573	106,436
<b>Total Revenues <sup>1</sup></b>	<b>57,068,569</b>	<b>60,567,536</b>	<b>64,971,855</b>	<b>4,404,319</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	22,962,383	23,612,390	24,205,190	(592,800)
Classified salaries	8,385,586	8,875,658	8,753,773	121,885
Employee benefits	15,931,278	15,865,257	19,552,828	(3,687,571)
Books and supplies	4,264,490	3,544,638	3,689,758	(145,120)
Services and operating expenditures	5,976,687	7,760,838	6,787,041	973,797
Capital outlay	574,532	480,363	319,986	160,377
Other outgo	496,968	496,968	(1,914)	498,882
<b>Total Expenditures <sup>1</sup></b>	<b>58,591,924</b>	<b>60,636,112</b>	<b>63,306,662</b>	<b>(2,670,550)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,523,355)</b>	<b>(68,576)</b>	<b>1,665,193</b>	<b>1,733,769</b>
<b>Other Financing Sources</b>				
Transfers in	38,133	38,133	676,824	638,691
Transfers out	(26,262)	(1,235,441)	(2,276,924)	(1,041,483)
<b>Net Financing Sources (Uses)</b>	<b>11,871</b>	<b>(1,197,308)</b>	<b>(1,600,100)</b>	<b>(402,792)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,511,484)</b>	<b>(1,265,884)</b>	<b>65,093</b>	<b>1,330,977</b>
<b>Fund Balances - Beginning</b>	<b>16,381,364</b>	<b>16,381,364</b>	<b>16,381,364</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 14,869,880</b>	<b>\$ 15,115,480</b>	<b>\$ 16,446,457</b>	<b>\$ 1,330,977</b>

<sup>1</sup> On behalf payments of \$3,791,005, are included in the actual revenues and expenditures, but have not been included in the original and final budgeted amounts. In addition, due to the consolidation of Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the actual revenues and expenditures, however are not included in the original and final budgeted amounts.

See accompanying note to required supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 1,686,968	\$ 1,053,045
Interest	600,454	602,438
Difference between expected and actual experience	(328,055)	-
Changes of assumptions	341,123	-
Benefit payments	(2,097,892)	(1,345,652)
<b>Net change in total OPEB liability</b>	202,598	309,831
<b>Total OPEB liability - beginning</b>	20,224,704	19,914,873
<b>Total OPEB liability - ending</b>	<u>\$ 20,427,302</u>	<u>\$ 20,224,704</u>
 <b>Covered payroll</b>	 <u>N/A <sup>1</sup></u>	 <u>N/A <sup>1</sup></u>
 <b>District's total OPEB liability as a percentage of covered payroll</b>	 <u>N/A <sup>1</sup></u>	 <u>N/A <sup>1</sup></u>

<sup>1</sup> The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

*Note:* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.0698%	0.0686%
District's proportionate share of the net OPEB liability	\$ 267,240	\$ 288,674
District's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

<sup>1</sup> As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

*Note:* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>CalSTRS</b>		
District's proportion of the net pension liability	0.0389%	0.0379%
District's proportionate share of the net pension liability	\$ 35,749,862	\$ 35,050,520
State's proportionate share of the net pension liability associated with the District	20,468,468	20,735,592
Total	\$ 56,218,330	\$ 55,786,112
District's covered payroll	\$ 20,575,350	\$ 20,087,099
District's proportionate share of the net pension liability as a percentage of its covered payroll	174%	174%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
<b>CalPERS</b>		
District's proportion of the net pension liability	0.0584%	0.0600%
District's proportionate share of the net pension liability	\$ 15,565,509	\$ 14,315,532
District's covered payroll	\$ 7,786,671	\$ 7,645,781
District's proportionate share of the net pension liability as a percentage of its covered payroll	200%	187%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

*Note* : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

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(as Restated) 2017	2016	2015
<u>0.0375%</u>	<u>0.0370%</u>	<u>0.0390%</u>
\$ 30,338,459	\$ 16,399,000	\$ 14,328,000
<u>17,271,144</u>	<u>8,672,000</u>	<u>8,653,000</u>
<u>\$ 47,609,603</u>	<u>\$ 25,071,000</u>	<u>\$ 22,981,000</u>
<u>\$ 18,693,924</u>	<u>\$ 17,284,809</u>	<u>\$ 17,516,061</u>
<u>162%</u>	<u>95%</u>	<u>82%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.0607%</u>	<u>0.0630%</u>	<u>0.0594%</u>
<u>\$ 11,986,242</u>	<u>\$ 9,291,000</u>	<u>\$ 6,747,000</u>
<u>\$ 7,279,114</u>	<u>\$ 6,978,607</u>	<u>\$ 6,239,102</u>
<u>165%</u>	<u>133%</u>	<u>108%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>CalSTRS</b>		
Contractually required contribution	\$ 3,781,867	\$ 2,969,023
Contributions in relation to the contractually required contribution	<u>(3,781,867)</u>	<u>(2,969,023)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 23,230,141	\$ 20,575,350
Contributions as a percentage of covered - employee payroll	<u>16.28%</u>	<u>14.43%</u>
<b>CalPERS</b>		
Contractually required contribution	\$ 1,596,551	\$ 1,209,270
Contributions in relation to the contractually required contribution	<u>(1,596,551)</u>	<u>(1,209,270)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 8,839,281	\$ 7,786,671
Contributions as a percentage of covered - employee payroll	<u>18.06%</u>	<u>15.53%</u>

*Note :* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

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<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,526,957	\$ 2,005,858	\$ 1,534,891
<u>(2,526,957)</u>	<u>(2,005,858)</u>	<u>(1,534,891)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,087,099	\$ 18,693,924	\$ 17,284,809
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

\$ 1,061,999	\$ 862,575	\$ 821,382
<u>(1,061,999)</u>	<u>(862,575)</u>	<u>(821,382)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,645,781	\$ 7,279,114	\$ 6,978,607
<u>13.89%</u>	<u>11.85%</u>	<u>11.77%</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual*	Excess
General Fund	\$ 61,871,553	\$ 65,583,586	\$ (3,712,033)

\* Includes on behalf payments of \$3,791,005. In addition, due to the consolidation of Fund 11, Adult Education Fund and Fund 14, Deferred Maintenance Fund into the General Fund, expenditures for these funds totaling \$314,966 are included in actual expenditures but are not included in the budgeted amounts.

#### Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

***Change in Benefit Terms*** – No changes noted in the June 30, 2018 actuarial valuation

***Change of Assumptions*** – The discount rate changed from 3.13 in the 2017 valuation to 3.62 in the 2018 valuation and the health care cost trend rate changed from 5.00 in the 2017 valuation to 6.00 in the 2018 valuation.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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#### **Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program**

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.

*Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

*Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

#### **Schedule of District Contributions**

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

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## **SUPPLEMENTARY INFORMATION**



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# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,788,694
School Improvement Funding for LEAs	84.010	15438	166,800
Title II, Part A, Supporting Effective Instruction	84.367	14341	254,123
Title III, English Learner Student Program	84.365	14346	31,252
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	43,324
Title IV, Part A, Student Support and Academic Enrichment Grant Program (Competitive)	84.424	15391	8,074
Passed through Sierra Sands SELPA:			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	977,887
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	11,356
Preschool Grants, Part B, Sec 619	84.173	13430	30,272
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	55,950
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000
Subtotal Special Education Cluster			1,076,465
Early Intervention Grants, Part C	84.181	23761	25,481
Carl D. Perkins Career and Technical Education - Secondary	84.048	14894	58,819
Total U.S. Department of Education			3,453,032
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Medicaid Cluster			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	148,631
Passed through Kern County Superintendent of Schools:			
Medi-Cal Administrative Activities	93.778	10060	64,290
Subtotal Medicaid Cluster			212,921
Total U.S. Department of Health and Human Services			212,921

See accompanying note to supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (Continued) FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Especially Needy Breakfast Program	10.553	13526	\$ 366,856
National School Lunch Program	10.555	13396	998,032
Commodities	10.555	13396	91,915
Meal Supplements	10.556	13392	31,299
Summer Food Service Program Operations	10.559	13004	8,458
Subtotal Child Nutrition Cluster			<u>1,496,560</u>
Total U.S. Department of Agriculture			<u>1,496,560</u>
U.S. DEPARTMENT OF DEFENSE			
Federal Impact Aid	12.558	[1]	2,012,885
Community Investment	12.600	[1]	2,438,921
Support for Student Achievement at Military Connected Schools:			
Support for Student Achievement at Military Connected Schools	12.556	[1]	240,496
Support for Student Achievement at Military Connected Schools (STEAM)	12.556	[1]	<u>108,225</u>
Subtotal Support for Student Achievement at Military Connected Schools			<u>348,721</u>
Total U.S. Department of Defense			<u>4,800,527</u>
Total Expenditures of Federal Awards			<u>\$ 9,963,040</u>

[1] Direct award, no Pass-through entity identifying number

See accompanying note to supplementary information.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

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#### ORGANIZATION

The Sierra Sands Unified School District was established in 1974 and covers the Ridgecrest area of Kern County. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, one comprehensive high school, a continuation high school, an adult school, and a preschool program. There were no boundary changes during the year.

#### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Kurt Rockwell	President	2022
Michael Scott	Vice President	2020
Amy Castillo-Covert	Member	2022
William Farris	Member	2020
Tim Johnson	Member	2022

#### ADMINISTRATION

Dr. Dave Ostash	Superintendent
Bryan Auld	Assistant Superintendent, Human Resources
Michelle Savko	Assistant Superintendent, Curriculum and Instruction
Pamela Smith	Assistant Superintendent, Business Services

See accompanying note to supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period	Annual
	Report No. 9C9E92A1	Report No. 1F965EA4
Regular ADA		
Transitional kindergarten through third	1,519.60	1,519.97
Fourth through sixth	1,116.39	1,112.18
Seventh and eighth	711.48	710.56
Ninth through twelfth	1,504.16	1,494.65
Total Regular ADA	4,851.63	4,837.36
Extended Year Special Education		
Transitional kindergarten through third	4.65	4.65
Fourth through sixth	1.53	1.53
Seventh and eighth	0.33	0.33
Ninth through twelfth	0.30	0.30
Total Extended Year Special Education	6.81	6.81
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.99	0.93
Ninth through twelfth	1.00	1.14
Total Special Education, Nonpublic, Nonsectarian Schools	1.99	2.07
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.22	0.22
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.22	0.22
Total ADA	4,860.65	4,846.46

See accompanying note to supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	52,290	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,290	180	N/A	Complied
Grade 2		51,870	180	N/A	Complied
Grade 3		51,870	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,150	180	N/A	Complied
Grade 5		54,150	180	N/A	Complied
Grade 6		63,880	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		63,880	180	N/A	Complied
Grade 8		63,880	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,921	180	N/A	Complied
Grade 10		64,921	180	N/A	Complied
Grade 11		64,921	180	N/A	Complied
Grade 12		64,921	180	N/A	Complied

See accompanying note to supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Capital Facilities Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units
FUND BALANCE				
Balance, June 30, 2019, Unaudited Actuals	\$ 1,068,138	\$ 1,818,585	\$ 2,335,365	\$ -
Increase (Decrease) in:				
Cash with fiscal agent	-	(1,712,355)	-	1,421,472
Due from other funds	-	-	864,389	-
(Increase) in:				
Due to other funds	(760,208)	(104,181)	-	-
Balance, June 30, 2019, Audited Financial Statement	<u>\$ 307,930</u>	<u>\$ 2,049</u>	<u>\$ 3,199,754</u>	<u>\$ 1,421,472</u>

See accompanying note to supplementary information.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 <sup>1</sup>	2019	2018	2017
GENERAL FUND <sup>3</sup>				
Revenues	\$ 60,812,450	\$ 64,244,320	\$ 56,787,225	\$ 55,084,268
Other sources and transfers in	19,247	714,957	97,470	-
Total Revenues and Other Sources	60,831,697	64,959,277	56,884,695	55,084,268
Expenditures	62,149,643	62,991,696	55,405,751	51,370,249
Other uses and transfers out	175,000	2,315,057	1,315,516	3,413,455
Total Expenditures and Other Uses	62,324,643	65,306,753	56,721,267	54,783,704
INCREASE (DECREASE) IN FUND BALANCE	\$ (1,492,946)	\$ (347,476)	\$ 163,428	\$ 300,564
ENDING FUND BALANCE	\$ 5,529,875	\$ 7,022,821	\$ 7,370,297	\$ 7,206,869
AVAILABLE RESERVES <sup>2</sup>	\$ 8,780,952	\$ 8,986,213	\$ 8,697,533	\$ 9,159,751
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	14.09%	13.76%	15.33%	16.72%
LONG-TERM OBLIGATIONS	N/A	\$ 60,294,566	\$ 62,105,120	\$ 63,722,368
K-12 AVERAGE DAILY ATTENDANCE AT P-2	4,928	4,861	4,822	4,779

The General Fund balance has decreased by \$184,048 over the past two years. The fiscal year 2019-2020 budget projects a decrease of \$1,492,946 (21.3 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have decreased by \$3,427,802 over the past two years.

Average daily attendance has increased by 82 over the past two years. Additional growth of 67 ADA is anticipated during fiscal year 2019-2020.

<sup>1</sup> Budget 2020 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Adult Education Fund, the Deferred Maintenance Fund, the Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

See accompanying note to supplementary information.



# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Building Fund	County School Facilities Fund
<b>ASSETS</b>				
Deposits and investments	\$ 291,273	\$ 72,840	\$ 105,539	\$ 2,201,746
Receivables	58,622	361,512	691	17,907
Due from other funds	32	3,103	-	-
Stores inventories	-	13,491	-	-
<b>Total Assets</b>	<b>\$ 349,927</b>	<b>\$ 450,946</b>	<b>\$ 106,230</b>	<b>\$ 2,219,653</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,218	\$ 111,678	\$ -	\$ -
Due to other funds	6,257	301,262	104,181	-
Unearned revenue	82,262	-	-	-
<b>Total Liabilities</b>	<b>89,737</b>	<b>412,940</b>	<b>104,181</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	13,491	-	-
Restricted	72,803	24,515	2,049	2,219,653
Committed	187,387	-	-	-
<b>Total Fund Balances</b>	<b>260,190</b>	<b>38,006</b>	<b>2,049</b>	<b>2,219,653</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 349,927</b>	<b>\$ 450,946</b>	<b>\$ 106,230</b>	<b>\$ 2,219,653</b>

See accompanying note to supplementary information.

<b>Special Reserve</b>			<b>Debt Service</b>	<b>Total</b>
<b>Fund for</b>	<b>IKSFA Blended</b>	<b>Bond Interest</b>	<b>Fund for Blended</b>	<b>Non-Major</b>
<b>Capital Outlay</b>	<b>Component Unit</b>	<b>and Redemption</b>	<b>Component</b>	<b>Governmental</b>
<b>Projects</b>	<b>Fund</b>	<b>Fund</b>	<b>Units</b>	<b>Funds</b>
\$ 2,327,094	\$ 990,894	\$ 1,714,715	\$ 1,421,472	\$ 9,125,573
11,266	923,765	5,956	-	1,379,719
864,389	-	-	-	867,524
-	-	-	-	13,491
<u>\$ 3,202,749</u>	<u>\$ 1,914,659</u>	<u>\$ 1,720,671</u>	<u>\$ 1,421,472</u>	<u>\$ 11,386,307</u>
\$ 2,995	\$ -	\$ -	\$ -	\$ 115,891
-	-	-	-	411,700
-	-	-	-	82,262
<u>2,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,853</u>
-	-	-	-	13,491
-	1,914,659	1,720,671	1,421,472	7,375,822
3,199,754	-	-	-	3,387,141
<u>3,199,754</u>	<u>1,914,659</u>	<u>1,720,671</u>	<u>1,421,472</u>	<u>10,776,454</u>
<u>\$ 3,202,749</u>	<u>\$ 1,914,659</u>	<u>\$ 1,720,671</u>	<u>\$ 1,421,472</u>	<u>\$ 11,386,307</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Building Fund	County School Facilities Fund
<b>REVENUES</b>				
Federal sources	\$ -	\$ 1,496,560	\$ -	\$ -
Other State sources	588,418	105,712	-	-
Other local sources	25,290	361,464	2,049	61,329
<b>Total Revenues</b>	<b>613,708</b>	<b>1,963,736</b>	<b>2,049</b>	<b>61,329</b>
<b>EXPENDITURES</b>				
Current				
Instruction	454,726	-	-	-
Instruction-related activities:				
Supervision of instruction	59,276	-	-	-
School site administration	1,440	-	-	-
Pupil services:				
Food services	-	2,125,155	-	-
Administration:				
All other administration	7,210	-	-	-
Plant services	10,423	298	-	-
Facility acquisition and construction	-	-	-	159,428
Debt service				
Principal	21,000	-	-	-
Interest and other	-	-	-	-
<b>Total Expenditures</b>	<b>554,075</b>	<b>2,125,453</b>	<b>-</b>	<b>159,428</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>59,633</b>	<b>(161,717)</b>	<b>2,049</b>	<b>(98,099)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	3,073	-	-
Transfers out	-	-	-	(1,100,000)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>3,073</b>	<b>-</b>	<b>(1,100,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>59,633</b>	<b>(158,644)</b>	<b>2,049</b>	<b>(1,198,099)</b>
<b>Fund Balances - Beginning</b>	<b>200,557</b>	<b>196,650</b>	<b>-</b>	<b>3,417,752</b>
<b>Fund Balances - Ending</b>	<b>\$ 260,190</b>	<b>\$ 38,006</b>	<b>\$ 2,049</b>	<b>\$ 2,219,653</b>

See accompanying note to supplementary information.

Special Reserve Fund for Capital Outlay Projects	IKSFA Blended Component Unit Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
\$ 2,438,921	\$ -	\$ -	\$ 596,324	\$ 4,531,805
-	-	39,917	-	734,047
24,398	935,763	1,532,878	4,680	2,947,851
2,463,319	935,763	1,572,795	601,004	8,213,703
-	-	-	-	454,726
-	-	-	-	59,276
-	-	-	-	1,440
-	-	-	-	2,125,155
-	-	-	-	7,210
10,771	-	-	-	21,492
2,785,223	-	-	-	2,944,651
343,650	-	1,300,035	1,289,730	2,954,415
29,194	-	232,196	874,942	1,136,332
3,168,838	-	1,532,231	2,164,672	9,704,697
(705,519)	935,763	40,564	(1,563,668)	(1,490,994)
1,209,179	-	-	2,164,672	3,376,924
-	(80,500)	-	(596,324)	(1,776,824)
1,209,179	(80,500)	-	1,568,348	1,600,100
503,660	855,263	40,564	4,680	109,106
2,696,094	1,059,396	1,680,107	1,416,792	10,667,348
\$ 3,199,754	\$ 1,914,659	\$ 1,720,671	\$ 1,421,472	\$ 10,776,454

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

---

### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance. No federal financial assistance has been provided to subrecipients.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Billing Options funds and Medi-Cal Administrative Activities Funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2019. These unspent balances are reported as legally restricted ending balances within the General Fund. In addition, the interest subsidy on Qualified School Construction Bonds is recorded as federal revenues in the current period but is not required to be reported on the *Schedule of Expenditures of Federal Awards*.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 10,729,955
Medi-Cal Billing Option	93.778	(4,194)
Medi-Cal Administrative Activities	93.778	(166,397)
Qualified School Construction Bonds - Interest Subsidy		(596,324)
Total Schedule of Expenditures of Federal Awards		<u>\$ 9,963,040</u>

#### Local Education Agency Organization Structure

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

#### Schedule of Average Daily Attendance (ADA)

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

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

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### **Schedule of Instructional Time**

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

Districts must maintain their instructional minutes at 1986-87 requirements, as required by *Education Code* Section 46201.

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

### **Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

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## **INDEPENDENT AUDITOR'S REPORTS**



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**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***

Governing Board  
Sierra Sands Unified School District  
Ridgecrest, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra Sands Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sierra Sands Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2019.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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. We did not identify any deficiencies that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of Sierra Sands Unified School District in a separate letter dated December 11, 2019.

## **Sierra Sands Unified School District's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



Rancho Cucamonga, California  
December 11, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board  
Sierra Sands Unified School District  
Ridgecrest, California

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

We have audited Sierra Sands Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sierra Sands Unified School District's major Federal programs for the year ended June 30, 2019. Sierra Sands Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major Federal program. However, our audit does not provide a legal determination of Sierra Sands Unified School District's compliance.

***Basis for Qualified Opinion on Child Nutrition Cluster (CFDA # 10.553, 10.555, 10.556, 10.559) and Community Investment (CFDA # 12.600)***

As described in the accompanying schedule of findings and questioned costs, Sierra Sands Unified School District did not comply with requirements regarding the Child Nutrition Cluster and Community Investment as described in finding number 2019-003 for Procurement, Suspension, and Debarment. Compliance with such requirements is necessary, in our opinion, for Sierra Sands Unified School District to comply with the requirements applicable to those programs.

***Qualified Opinion on Child Nutrition Cluster (CFDA # 10.553, 10.555, 10.556, 10.559) and Community Investment (CFDA # 12.600)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sierra Sands Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster and Community Investment for the year ended June 30, 2019.

***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Sierra Sands Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major Federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Sierra Sands Unified School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Sierra Sands Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

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

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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004 to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

Sierra Sands Unified School District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Sierra Sands Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

Rancho Cucamonga, California  
December 11, 2019

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Sierra Sands Unified School District  
Ridgecrest, California

### **Report on State Compliance**

We have audited Sierra Sands Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Sierra Sands Unified School District's State government programs as noted below for the year ended June 30, 2019.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of each of the Sierra Sands Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Sierra Sands Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Sierra Sands Unified School District's compliance with those requirements.

### ***Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts and After/Before School Education and Safety Program***

As described in the accompanying schedule of findings and questioned costs as items 2019-005 and 2019-006, Sierra Sands Unified School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts and After/Before School Education and Safety Program. Compliance with such requirements is necessary, in our opinion, for Sierra Sands Unified School District to comply with the requirements applicable to that program.



***Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts and After/Before School Education and Safety Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sierra Sands Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

***Unmodified Opinion on Each of the Other Programs***

In our opinion, Sierra Sands Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District only offers short-term independent study and the ADA is below the threshold required for testing.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

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

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

The District does not a Course-Based Independent Study Program; therefore, we did not perform any procedures related to Independent Study – Course Based.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

*Eide Bailly LLP*

Rancho Cucamonga, California  
December 11, 2019

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2019

### FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>Yes</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

### FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>Yes</u>
Significant deficiency identified?	<u>Yes</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Qualified</u>
Qualified for all major programs except for the following Federal program which was unmodified:	

<u>84.027, 84.027A, 84.173, and 84.173A</u>	<u>Special Education Cluster</u>
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Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>Yes</u>
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Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
<u>84.027, 84.027A, 84.173, and 84.173A</u>	<u>Special Education Cluster</u>
<u>10.553, 10.555, 10.556, and 10.559</u>	<u>Child Nutrition Cluster</u>
<u>12.600</u>	<u>Community Investment</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

### STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Qualified</u>
Unmodified for all programs except for the following programs which were qualified:	

<u>Name of Programs</u>
<u>Unduplicated Local Control Funding Formula Pupil Counts</u>
<u>After/Before School Education and Safety Program</u>

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

2019-001      30000

### Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

### Condition

During the course of our engagement, we identified material misstatements of balances within the District's 2018-2019 unaudited actuals financial report. Through review of supporting records, it was noted that the Capital Facilities Fund's Due to Other Funds balance was understated by \$760,208, the Building Fund's Cash with Fiscal Agent balance and Due to Other Funds balance were overstated and understated by \$1,712,355 and \$104,181, respectively, and the Special Reserve Fund for Capital Outlay Project's Due From Other Funds balance was understated by \$864,389. The net result of these errors was a \$760,208 overstatement of the Capital Facilities Fund's ending fund balance, a \$1,816,536 overstatement of the Building Fund's ending fund balance, and an \$864,389 understatement of the Special Reserve Fund for Capital Outlay Project's ending fund balance.

### Questioned costs

There were no questioned costs associated with the condition identified.

### Context

The condition was identified through inquiry with District personnel and review of available District records related to the financial account balances in the Capital Facilities Fund, the Building Fund, and the Special Reserve Fund for Capital Outlay Projects.

### Effect

Due to the condition identified, the District's Capital Facilities Fund ending fund balance has been overstated by \$760,208, the Building Fund ending fund balance has been overstated by \$1,816,536. And the Special Reserve Fund for Capital Outlay Projects ending fund balance has been understated by \$864,389.

## **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

### **FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019**

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#### **Cause**

The cause of the condition identified appears to be due to inadequate review processes related to the District's financial information.

#### **Recommendation**

Management should review financial account balances to ensure that they have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

#### **Corrective Action Plan**

Internal Control processes have been reviewed and updated to ensure regular review and adjustment Due to/Due from and cash with fiscal agent to ensure accurate reporting.



## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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The following findings represent significant deficiencies/material weaknesses/noncompliance that are required to be reported by the Uniform Guidance. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
50000	Federal Compliance

#### 2019-002      50000 (Significant Deficiency)

##### **Federal Program Affected**

Child Nutrition Cluster

CFDA: 10.553, 10.555, 10.556

Pass-Through Entity: California Department of Education

Federal Agency: U.S. Department of Agriculture

Program Name: Community Investment

CFDA Number: 12.600

Direct Award

Federal Agency: U.S. Department of Defense

##### **Criteria or Specific Requirements**

Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 provides procedures that must be followed by recipients and subrecipients of Federal awards to avoid entering into covered transactions with certain parties that are debarred, suspended, or excluded from participation in Federal assistance programs. These procedures include searching for such exclusions on the System of Award Management (SAM), collecting a certification from such parties, or adding a clause or condition to the covered transaction with those parties.

##### **Condition**

Out of three covered transactions tested, two did not contain documentation to support the District's compliance with required procedures identified in Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300. Specifically, the District did not maintain supporting records for these covered transactions to indicate the District's search for exclusions on the SAM in the current fiscal year.

##### **Questioned Costs**

There were no questioned costs identified, as the parties involved in these covered transactions were neither suspended nor debarred.

##### **Context**

The condition was identified as a result of inquiry with the District's Business Services personnel and through review of supporting documents.

## **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

### **FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019**

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#### **Effect**

The District has been engaging in procurement activities without verifying if parties are suspended or debarred from participation in Federal assistance programs. The District currently assumes all the risk of non-compliance with requirements stated under Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 due to the lack of implemented review and monitoring procedures.

#### **Cause**

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300.

#### **Repeat Finding (Yes or No)**

No

#### **Recommendation**

The District should review the requirements stated in Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 and implement a procedure to address the deficiency currently identified with the District's procurement process.

#### **Corrective Action Plan**

Procurement processes have been reviewed and updated to include looking up vendors in SAM.gov to ensure they are eligible to be paid using Federal dollars.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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**2019-003      Code 50000 (Material Weakness, Noncompliance)**

#### **Federal Program Affected**

Child Nutrition Cluster

CFDA: 10.553, 10.555, 10.556, 10.559

Pass-Through Entity: California Department of Education

Federal Agency: U.S. Department of Agriculture

Program Name: Community Investment

CFDA Number: 12.600

Direct Award

Federal Agency: U.S. Department of Defense

#### **Criteria or Specific Requirements**

Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318(a) requires recipients and subrecipients of Federal awards to maintain and use documented procurement procedures that conform to standards identified in Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318.

#### **Condition**

Through inquiry with the District's Business Services personnel, documented procurement procedures have not been developed or maintained by the District to comply with standards identified in Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318.

#### **Questioned Costs**

There were no questioned costs identified.

#### **Context**

The condition was identified as a result of inquiry with the District's Business Services personnel and review of District policies.

#### **Effect**

The District has not maintained documented procurement procedures to demonstrate compliance with the requirements of Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318. The District currently assumes all the risk of non-compliance with requirements stated under Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318 due to the lack of documented procurement procedures.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318.

#### Repeat Finding (Yes or No)

No

#### Recommendation

The District should review the requirements stated in Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.318 and implement a procedure to address the deficiency currently identified with the District's documentation of procurement processes.

#### Corrective Action Plan

The District is reviewing and compiling appropriate procurement processes to ensure compliance with all areas of funding.

#### 2019-004      Code 50000 (Material Weakness)

##### Federal Program Affected

Child Nutrition Cluster

CFDA: 10.553, 10.555, 10.556, 10.559

Pass-Through Entity: California Department of Education

Federal Agency: U.S. Department of Agriculture

Special Education Cluster

CFDA: 84.027, 84.027A, 84.173, 84.173A

Pass-Through Agency: California Department of Education

Federal Agency: U.S. Department of Education

##### Criteria or Specific Requirements

Per Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430(i)(1)(vii), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

## **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

### **FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019**

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#### **Condition**

The District did not have sufficient controls in place to allow for all necessary reviews and pre-approvals of employees charged to Federal awards. The District implemented hiring procedures for federally-funded employees in the 2019 fiscal year, which state that such funding approvals must be documented by a Federal Program Administrator and the Director of Finance and Budget. Through testing of six newly hired employees charged to Federal awards, none were supported by documentation that indicated review and approval by these personnel.

#### **Questioned Costs**

This finding represents a material weakness in internal control over federal compliance. However, there were no questioned costs associated with this finding as we did not identify any non-compliance or unallowable expenditures as a result of the finding.

#### **Context**

The condition was identified through gaining our understanding of the internal controls of the Child Nutrition and Special Education payroll expenditures, through our review of the payroll charged to the program, and review of supporting documentation.

#### **Effect**

Although we did not identify any noncompliance with the Activities Allowed/Allowable Costs Principles, the findings results in a material weakness in internal controls.

#### **Cause**

The identified condition appears to have materialized due to the District's insufficient monitoring of approval procedures required when hiring employees charged to Federal awards.

#### **Repeat Finding (Yes or No)**

Yes

#### **Recommendation**

The District should establish procedures that are consistently implemented when hiring employees. Most common controls include the use of a personnel requisition to document the authorization to hire and budget authorization for the program/account to be charged.

#### **Corrective Action Plan**

Procedures were implemented in the prior year. Steps will be taken to ensure thorough implementation.

# SIERRA SANDS UNIFIED SCHOOL DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code  
40000

AB 3627 Finding Type  
State Compliance

### 2019-005      **Code 40000 - Unduplicated Local Control Funding Formula Pupil Counts**

#### **Criteria or Specific Requirements**

In accordance with *Education Code* sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application or an alternative household income data collection form that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

#### **Condition**

The District utilizes alternative household income data collection forms to obtain eligibility status for the unduplicated pupil count. However, the data reported on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report was not consistent with the documentation on the alternative household income data collections forms. We noted that for certain pupils, the income reported on the alternative household income data collection forms did not qualify the pupils as eligible, but the pupils were reported as free/reduced.

#### **Questioned Costs**

The questioned costs associated with this condition resulted in a decrease of \$158,918 in Local Control Formula Funding.

#### **Context**

The condition was identified as a result of selecting a sample of students from the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The "1.18 – FRPM/English Learner/Foster Youth – Student List" was agreed to "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report to ensure the correct 1.18 report was used. We then selected an initial sample of 60 students for testing pupils claimed as free/reduced only and found one exception. Upon further discussion with the District, it was noted that the alternative household income data collection form was misinterpreted by staff responsible for updating free/reduced statuses in CALPADS. Through review of 100 additional alternative household income data collection forms, three similar instances were identified in which the alternative household income data collection forms did not qualify the pupils as eligible, but the pupils were reported as free/reduced. The cumulative identification of four incorrectly reported pupil statuses out of 160 reviewed alternative income eligibility forms resulted in an error rate of 2.5%. The District opted to extrapolate the impact of this error rate to the entire District population of 3,335 pupils claimed as free/reduced only, which resulted in a total of 84 exceptions.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### Effect

As a result of our testing, it appears that the District did not properly analyze the alternative household income data collection forms to properly complete the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Unduplicated Pupil County Adjustment (FRPM)	Total Adjusted Enrollment	Adjusted Total Unduplicated Pupil Count
5,118	3,335	(84)	5,118	3,251

#### Cause

It appears the cause was a result of the lack of understanding of how to interpret the forms by the employees assigned responsibility for interpreting the alternative household income data collection form.

#### Recommendation

The District should review current procedures and develop revised procedures to ensure that employees collecting and reporting eligibility using alternative household income data collection forms are properly trained to understand the requirements regarding the unduplicated pupil count and necessary documentation that must be maintained to support students claimed.

#### Corrective Action Plan

The District is in a continuing process to review and refine the procedures related to obtaining and validating the information.

#### 2019-006 Code 40000 – After/Before School Education and Safety Program

##### Criteria or Specific Requirements

*Education Code* Section 8483.1(a)(1) requires each before school component of a program to establish a policy regarding reasonable late daily arrival of pupils to the program. *Education Code* Section 8483.1(a)(2)(A) states that pupils are to attend a minimum of six hours a week or three days a week, except when arriving late in accordance with the late arrival policy.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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#### **Condition**

Through review of the before school program's procedures for Pierce Elementary School, it was noted that a late arrival policy has not been maintained to document late arrival procedures for the program. Additionally, the program has not maintained records to demonstrate the time that students arrive to the program. Due to the lack of supporting records indicating arrival times, the program's attendance records could not be verified.

#### **Questioned Costs**

Under the provisions of the program, there are no questioned costs associated with this condition.

#### **Context**

The condition identified resulted from our review of Pierce Elementary School's operating procedures, inquiry with District personnel, and our review of the school's attendance records for the month of December 2018.

#### **Effect**

As a result of our testing, the District was not compliant with *Education Code* Sections 8483(a)(1) and 8483.1(a)(2)(A) for the 2018-2019 fiscal year, as a late arrival policy has not been maintained and student arrival times have not been documented for the program.

#### **Cause**

The cause of the condition appears to be a result of the program's inadequate processes used to document late arrival times.

#### **Recommendation**

We recommend the District create a late arrival policy to reasonably provide for students to meet the minimum requirement of six attendance hours per week or three days per week. Additionally, it is recommended that the District begin to document arrival times for students to allow for the determination of weekly attendance hours.

#### **Corrective Action Plan**

The program is being reviewed and procedures are being developed to ensure compliance.



## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

#### *Federal Awards Findings*

**2018-001      Code 50000**

##### **Federal Program Affected**

Title I, Part A, Basic Grants Low-Income and Neglected  
CFDA: 84.010  
Pass-Through Agency: California Department of Education  
Federal Agency: U.S. Department of Education

Special Education Cluster  
CFDA: 84.027, 84.027A, 84.173, 84.173A  
Pass-Through Agency: California Department of Education  
Federal Agency: U.S. Department of Education

##### **Criteria or Specific Requirements**

Per Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430(i)(1)(vii), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

##### **Condition**

The Sierra Sands Unified School District did not have sufficient controls in place to allow for the review and pre-approval of employees charged to Federal awards. Specifically, the District did not utilize personnel requisition forms or alternative method to document the approval process for employees funded by Federal awards.

##### **Questioned Costs**

This finding represents a significant deficiency in internal control over federal compliance. However, there were no questioned costs associated with this finding as we did not identify any non-compliance or unallowable expenditures as a result of the finding.

##### **Context**

The condition was identified through gaining our understanding of the internal controls of the Title I and Special Education payroll expenditures, through our review of the payroll charged to the program and review of supporting documentation.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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#### Effect

Although we did not identify any noncompliance with the Activities Allowed/Allowable Costs Principles, the finding results in a significant deficiency in internal controls.

#### Cause

The condition identified appears to have materialized due to the District's lack of procedures requiring personnel requisitions to be utilized as a tool to obtain authorization to hire, and approval of budget code to be charged.

#### Repeat Finding (Yes or No)

No

#### Recommendation

The District should establish procedures that are consistently implemented when hiring employees. Most common controls include the use of a personnel requisition to document the authorization to hire and budget authorization for the program/account to be charged.

#### Current Status

Not implemented, see current year finding 2019-004

#### *State Awards Findings*

##### **2018-002      40000 – Unduplicated Local Control Funding Formula Pupil Counts**

#### **Criteria or Specific Requirements**

In accordance with *Education Code* sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation such as a Free and Reduce Price Meal (FRPM) eligibility application or an alternative household income data collection form that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

#### **Condition**

The District began utilizing an alternative household income data collection form in the current year to obtain eligibility status for the unduplicated pupil count. However, the data reported on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report was not consistent with the documentation on the alternative household income data collections forms. In some instances, the alternative household income data collection form for pupils claimed as free/reduced was not able to be located. In other instances, the income reported on the alternative household income data collection form did not qualify the pupil as eligible, but the pupil was reported as free/reduced.

## SIERRA SANDS UNIFIED SCHOOL DISTRICT

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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#### Questioned Costs

The questioned costs associated with this condition resulted in a decrease of \$59,576 in Local Control Formula Funding.

#### Context

The condition was identified as a result of selecting a sample of students from the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The "1.18 – FRPM/English Learner/Foster Youth – Student List" was agreed to "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report to ensure the correct 1.18 report was used. We then selected an initial sample of 40 students for testing pupils claimed as free/reduced only and found 21 exceptions. Upon further discussion with the District, it was noted that the alternative household income data collection forms were processed at the site level and the sites may not have maintained all the forms. In addition, it appears as though some of the sites did not fully understand how to process the forms. The District opted to perform a full review of all available alternative income data collection forms to identify all discrepancies between the documentation available and the information as reported on the 1.18 report. As a result of this full review, a total of 270 exceptions were found.

#### Effect

As a result of our testing, it appears that the District did not properly analyze the alternative household income data collection forms to properly complete the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Unduplicated Pupil Count Adjustment (FRPM)	Total Adjusted Enrollment	Adjusted Total Unduplicated Pupil Count
5,085	3,125	(270)	5,085	2,855

#### Cause

It appears the cause was due to the new procedure implemented to collect alternative household income data collection forms. However, the District did not provide training or develop a process to ensure that all employees involved in collecting the forms were properly informed of the requirements.

## **SIERRA SANDS UNIFIED SCHOOL DISTRICT**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019**

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#### **Recommendation**

The District should review their current procedures and develop revised procedures to ensure that employees collecting and reporting eligibility using alternative household income data collection forms are properly trained to understand the requirements regarding the unduplicated pupil count and necessary documentation that must be maintained to support students claimed.

#### **Current Status**

Not implemented, see current year finding 2019-005

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Management  
Sierra Sands Unified School District  
Ridgecrest, California

In planning and performing our audit of the financial statements of Sierra Sands Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 11, 2019, on the government-wide financial statements of the District.

### ***INTERNAL CONTROLS***

#### *Cash Receipts*

#### Observations

During our review of the cash receipting and transmittal process, we noted the following:

1. General cash receipts are not always deposited in a timely manner. We noted 11 of 45 collections tested that were deposited between 12 to 58 days after receipt.
2. Nutrition Services cash receipts are not always deposited in a timely manner. We noted six of 40 collections tested that were deposited between 11 to 12 days after receipt.
3. Cash receipts are not always dated to indicate when the monies were received.

#### Recommendation

The District should consider the need to prepare deposits more timely. We recommend deposits occur at least weekly. In addition, all monies collected should note the date received as part of the complete documentation for monies received. This assists in identifying the timely deposit of monies received.

*Purchasing and Accounts Payable*

Observations

During our review of the purchasing and accounts payable process, we noted the following:

1. Travel and conference expenditures did not always contain a signature of approval from the Business Services Department. Out of 40 travel and conference expenditures tested, the following internal control deficiencies were identified:
  - a. 21 of 40 "Travel Request/Expense Claim" forms were not approved prior to the indicated conference date.
  - b. 5 of 40 "Travel Request/Expense Claim" forms did not indicate approval by the Business Services Department.
2. Through review of 40 credit card transactions tested, two did not contain supporting documentation to indicate what the purchases were for.

Recommendation

The District should ensure that travel and conference requests are approved for budget purposes by the Business Services Department. Travel and conference request forms should be routed to the Business Department prior to the event taking place. All credit cards utilized for District purchases should include procedures to review and approve transactions charged to credit cards.

*Personnel and Payroll Procedures*

Observations

During our review of the personnel and payroll internal controls, we noted the following:

1. Payroll personnel have system access to human resource functions.
2. The processes surrounding payroll and personnel duties are mostly manual, resulting in the potential for more human error. We noted an error made to an employee's salary as a result of manual processing. While the District could utilize the HR system to perform some functions in a more automated manner, the District has not fully implemented the system to allow them to do so.
3. Personnel requisitions are not consistently utilized to document approvals for employees hired. Requisitions that were on file did not always indicate approval from the Business Department.

Recommendation

The District should consider revising its current personnel and payroll practices to allow for more automated procedures where available. This would include implementation and full use of the HR system that will reduce manual processing and input errors, which will also increase efficiency. Personnel requisitions should be used for all new employees and changes in employee positions to document the approval of the employee hire and budget code. Health and welfare benefits should be reconciled monthly to ensure benefits paid are for current employees only. Lastly, the District should change the security settings in the HR system to prevent payroll employees from accessing HR functions, which will eliminate segregation of duties issues.

### ***ASSOCIATED STUDENT BODY FUNDS (ASB)***

#### ***Murray Middle School***

##### Observations

1. Based on the review of cash receipting procedures, it was noted that three of 15 deposits tested contained cash collections that were not deposited in a timely manner. The delay in deposits was 19 to 25 days from the dates of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that one of 10 disbursements tested was not supported by an invoice.

##### Recommendations

1. The ASB should, at a minimum, make deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. When disbursing monies, invoices should always be maintained to ensure accuracy and confirmation of how monies are being spent. As invoices indicate the vendor and the type of service being provided, this documentation must be maintained to substantiate the appropriateness of ASB purchases.

#### ***Burroughs High School***

##### Observations

1. Based on the review of the cash receipting procedures, it was noted that club advisors are not consistently providing adequate supporting documentation for cash collections. Out of three deposits tested, each contained receipts that were not supported by adequate documentation or a paper trail. As a result, the completeness and timeliness of these deposits could not be verified.
2. Based on the review of the cash receipting procedures, it was noted that each of the three deposits tested contained cash collections that were not deposited in a timely manner. The delay in deposits was 11 to 149 days from the dates of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
3. Based on the review of the disbursement procedures, it was noted that two of 25 disbursements tested did not have the required three approval signatures signifying that the payment can be made. Additionally, one of these transactions lacked indication of approval in the ASB meeting minutes.
4. Based on the review of the disbursement procedures, it was noted that one of 25 disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
5. Based on the review of the disbursement procedures, it was noted that ASB disbursements are excessively processed on a reimbursement basis. Twelve of twenty-five disbursements tested were not approved prior to transactions taking place, as the disbursements were reimbursed after purchases had been made. This could potentially lead to spending in excess of available funds and expenditures of a questionable nature could arise if disbursements are not pre-approved.



6. Based on the review of the disbursement procedures, it was noted that the ASB made a donation to a nonprofit organization without adhering to established nonprofit donation requirements. Specifically, the ASB did not create a separate trust account to process the donated funds and the ASB did not obtain approval for the donation from the District's governing board.
7. In reviewing the ASB outstanding check listing for the November 2018 bank reconciliation, we noted that 37 checks totaling \$5,423 were stale-dated. As these checks were dated in excess of 12 months prior to the tested bank reconciliation, they have a low likelihood of clearing and should be voided and removed from the outstanding check listing.
8. Based on the review of fundraising procedures, it was noted that fundraiser approval forms and revenue potential forms are not being utilized to approve and control fundraising activities as they occur.
9. Based on the review of student store procedures, it was noted that perpetual inventory records have not been maintained to track student store items. Additionally, a physical inventory count has not been performed.
10. Based on the review of student store procedures, it was noted that overages and shortages were documented for daily sales, but the ASB did not have procedures in place to resolve or explain these differences.

#### Recommendations

1. Pre-numbered triplicate receipts, tally sheets, or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the student's name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. Teachers and administrators who collect monies should be equipped with a triplicate receipts book, tally sheet, or log sheet. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
2. The ASB should, at a minimum, make deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
3. To ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursements are authorized by three individuals (ASB advisor, student body representative, and an administrator). This would allow the reviewing administrator and/or the student council to determine if the payment being made is appropriate and to determine if sufficient funding is available to finance the payment.
4. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
5. To ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

6. The site should review the Fiscal Crisis & Management Assistance Team's (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide, and Desk Reference for procedures related to donations to nonprofit organizations.
7. Outstanding checks over 12 months old should be credited back to the appropriate account and removed from the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared".
8. Reviewing and approving fundraising events is an important control activity to prevent any potential unallowable ASB activity. All fundraising events should be approved by either the ASB student council or site administrators prior to the events taking place to ensure that the fundraising settings are appropriate and allowable in a school setting. Additionally, each fundraising event should be supported by a revenue potential form to document actual revenues, actual expenditures, anticipated revenues, and anticipated expenditures. This allows for an analysis of the fundraiser to be conducted, indicating to staff and students the success or failure of the completed fundraiser. The revenue potential form can also indicate weak control areas in the fundraising procedures at the site, including the occurrence of lost or stolen merchandise, problems with collecting all monies due, and so forth.
9. It is recommended that the ASB maintain perpetual inventory records over student store items. Perpetual inventory documentation is essential to perform an analysis between the perpetual and physical inventory counts. An analysis of both counts will assist the student council in determining if items have been misplaced or stolen.
10. Daily student store sale overages usually indicate that merchandise was sold, but was not recorded on the register. To improve the accountability and accounting of student store activities, the importance of recording all merchandise sales should be emphasized to anyone who operates the register. Daily cash shortages can be attributable to incorrect change being handed out, misplaced funds, or theft. If differences are of a substantial amount, an investigation should be conducted to identify and resolve the shortages.

We will review the status of the current year comments during our next audit engagement.



Rancho Cucamonga, California  
December 11, 2019

12. CONSENT CALENDAR

12.1 Approval of “A” and “B” Warrants

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CURRENT CONSIDERATIONS: “A” and “B” warrants released in December 2019 are submitted for approval. “A” warrants totaled \$3,779,761.79. “B” warrants totaled \$1,707,126.12.

FINANCIAL IMPLICATIONS: Warrants were issued as stated.

SUPERINTENDENT’S RECOMMENDATION: Approve “A” and “B” warrants for December 2019 as presented.

This list represents the "A" and "B" warrants released during the month of DECEMBER 2019  
The "A" and "B" warrant registers are available in the business office for your review.

**RECOMMENDED ACTION: Approve "A" and "B" warrants as presented.**

### **"A" WARRANTS**

<u>Type of Payroll</u>	<u>Amount</u>
End of month certificated	\$2,311,055.00
End of month classified	\$818,669.68
10th of month certificated	\$152,522.49
10th of month classified	\$109,773.92
15th of month certificated	\$387,740.70
15th of month classified	\$0.00
<b>Total "A" Warrants</b>	<b>\$3,779,761.79</b>

### **"B" WARRANTS**

<u>Register Number</u>	<u>Amount</u>
Batch 77	\$ 169,831.32
Batch 78	\$ 27,975.01
Batch 79	\$ 55,368.62
Batch 80	\$ 378.11
Batch 81	\$ 281,734.97
Batch 82	\$ 20,937.60
Batch 83	\$ 60,252.85
Batch 84	\$ 15,329.75
Batch 85	\$ 154,259.04
Batch 86	\$ 25,316.19
Batch 87	\$ 3,583.77
Batch 88	\$ 73,381.28
Batch 89	\$ 1,600.00
Batch 90	\$ 127,394.33
Batch 91	\$ 347.41
Batch 92	\$ 448,371.11
Batch 93	\$ 2,513.13
Batch 94	\$ 76,733.90
Batch 95	\$ 513.29
Batch 96	\$ 138,761.30
Batch 97	\$ 22,543.14
<b>Total "B" Warrants</b>	<b>\$ 1,707,126.12</b>

## 12. CONSENT CALENDAR

12.2 Approval for Burroughs High School Robotics Team to Attend an Out of State Robotics Competition at Council Bluffs, Iowa, April 1-3, 2020

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BACKGROUND INFORMATION: Board approval is required when students travel out of the state for school activities.

CURRENT CONSIDERATIONS: The Burroughs High School Robotics Team has the opportunity to attend the U.S. Open Robotics Championship Competition at Council Bluffs, Iowa from April 1-3, 2020. The Burroughs High School Robotics Team will have the opportunity to compete in robotics competitions and skills challenges. There will be approximately 8 students traveling and the teacher. The estimated cost is \$800 per person. They plan to contact local contractors (NDTI, etc.) to seek financial donations.

FINANCIAL IMPLICATIONS: All transportation, lodging, and other considerations will be paid by donations from local contractors and through fundraising. The teacher's expenses may be paid by the curriculum office through the CTEIG account. There are no additional costs to the district.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board approve the travel for the BHS Robotics Team to attend the out of state competition at Council Bluffs, Iowa from April 1-3, 2020.