

# **GOLD TRAIL UNION SCHOOL DISTRICT**

**AUDIT REPORT  
JUNE 30, 2019**



**GOLD TRAIL UNION SCHOOL DISTRICT**

**GOLD TRAIL UNION SCHOOL DISTRICT**  
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**JUNE 30, 2019**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Governing Board  
Gold Trail Union School District  
Placerville, California

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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

## **Other Matters**

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gold Trail Union School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of Gold Trail Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gold Trail Union 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 Gold Trail Union School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California  
December 5, 2019

# **GOLD TRAIL UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **INTRODUCTION**

Gold Trail Union School District operates two elementary schools serving families residing within a 45 square mile area of rural Placerville in El Dorado County. Gold Trail Elementary School serves grades 4 through 8 and is located one mile south of the Marshall Gold State Historic Park. The school site is completely encircled by a 272 acre property protected by a conservation easement for its property and historical value by the American River Conservancy. Sutter's Mill Elementary School serves grades K through 3 and is located four miles from Gold Trail Elementary.

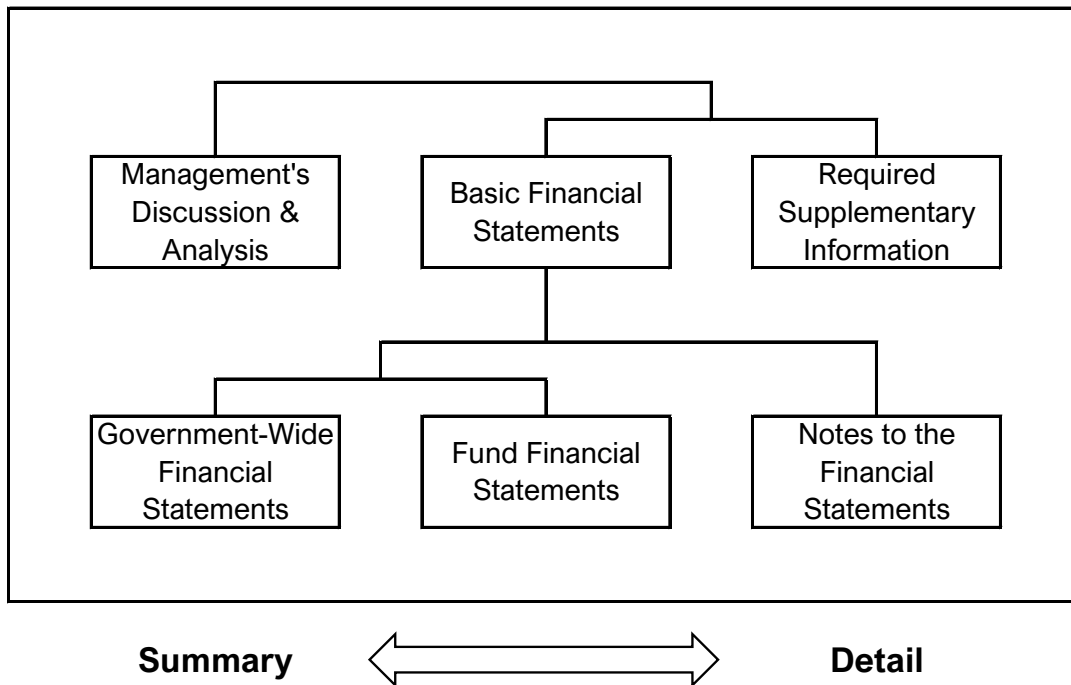
Our discussion and analysis of Gold Trail Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The District's net position was \$1,002,038 at June 30, 2019. This was an increase of \$52,594 from the prior year's net position.
- Overall revenues were \$7,453,316 which exceeded expenses of \$7,400,722.
- P-2 average daily attendance (ADA) was 629 in 2018-19 and 676 in 2017-18.

## **OVERVIEW OF FINANCIAL STATEMENTS**

### **Components of the Financials Section**



**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financials Section (continued)**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

**Government-Wide Statements**

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

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

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



**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$1,002,038 at June 30, 2019, as reflected in the table below. Of this amount, \$(4,526,662) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 1,380,322	\$ 1,192,709	\$ 187,613
Capital assets	6,034,758	591,097	5,443,661
<b>Total Assets</b>	<b>7,415,080</b>	<b>1,783,806</b>	<b>5,631,274</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	2,085,198	2,231,387	(146,189)
<b>LIABILITIES</b>			
Current liabilities	232,141	330,209	(98,068)
Long-term liabilities	7,752,220	7,505,524	246,696
<b>Total Liabilities</b>	<b>7,984,361</b>	<b>7,835,733</b>	<b>148,628</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	513,879	549,916	(36,037)
<b>NET POSITION</b>			
Net investment in capital assets	5,150,096	4,867,855	282,241
Restricted	378,604	454,303	(75,699)
Unrestricted	(4,526,662)	(4,372,714)	(153,948)
<b>Total Net Position</b>	<b>\$ 1,002,038</b>	<b>\$ 949,444</b>	<b>\$ 52,594</b>

**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 119,323	\$ 145,090	\$ (25,767)
Operating grants and contributions	786,043	570,915	215,128
General revenues			
Property taxes	2,234,208	2,168,050	66,158
Unrestricted federal and state aid	4,051,626	3,684,888	366,738
Other	262,116	239,285	22,831
<b>Total Revenues</b>	<b>7,453,316</b>	<b>6,808,228</b>	<b>645,088</b>
<b>EXPENSES</b>			
Instruction	4,412,034	3,909,544	502,490
Instruction-related services	651,024	563,727	87,297
Pupil services	814,970	740,718	74,252
General administration	534,896	516,607	18,289
Plant services	638,125	553,147	84,978
Ancillary and community services	41,746	43,212	(1,466)
Debt service	32,205	31,046	1,159
Other outgo	51,520	30,321	21,199
Depreciation	224,202	229,007	(4,805)
<b>Total Expenses</b>	<b>7,400,722</b>	<b>6,617,329</b>	<b>783,393</b>
<b>Change in net position</b>	<b>52,594</b>	<b>190,899</b>	<b>(138,305)</b>
<b>Net Position - Beginning</b>	<b>949,444</b>	<b>758,545</b>	<b>190,899</b>
<b>Net Position - Ending</b>	<b>\$ 1,002,038</b>	<b>\$ 949,444</b>	<b>\$ 52,594</b>

The cost of all our governmental activities this year was \$7,400,722 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$2,234,208 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

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

	<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>
Instruction	\$ 3,817,147	\$ 3,515,770
Instruction-related services	636,978	555,896
Pupil services	592,797	542,100
General administration	515,638	484,843
Plant services	623,263	536,715
Ancillary and community services	41,499	42,551
Debt service	32,205	31,046
Transfers to other agencies	11,627	(36,604)
Depreciation	224,202	229,007
<b>Total Expenses</b>	<b>\$ 6,495,356</b>	<b>\$ 5,901,324</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$1,296,565, which is more than last year's ending fund balance of \$1,096,717. The District's General Fund had \$218,333 more in operating revenues than expenditures for the year ended June 30, 2019.

**CURRENT YEAR BUDGET 2018-2019**

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2018-2019 the District had invested \$6,034,758 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 271,706	\$ 271,706	\$ -
Land improvements	521,179	521,179	-
Buildings & improvements	8,746,691	8,746,691	-
Furniture & equipment	1,955,229	1,607,266	347,963
Accumulated depreciation	(5,460,047)	(5,235,845)	(224,202)
<b>Total Capital Assets</b>	<b>\$ 6,034,758</b>	<b>\$ 5,910,997</b>	<b>\$ 123,761</b>

**Long-Term Liabilities**

At year-end, the District had \$7,752,220 in long-term liabilities, an increase of 3.29% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2019</b>	<b>2018</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 895,000	\$ 985,000	\$ (90,000)
Capital leases	-	69,629	(69,629)
Early retirement incentive	64,000	121,000	(57,000)
Compensated absences	19,602	31,141	(11,539)
Net pension liability	6,904,618	6,499,990	404,628
Class size reduction payback	15,393	30,789	(15,396)
Less: current portion of long-term liabilities	(146,393)	(232,025)	85,632
<b>Total Long-term Liabilities</b>	<b>\$ 7,752,220</b>	<b>\$ 7,505,524</b>	<b>\$ 246,696</b>

**GOLD TRAIL UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

The US economy continues to grow slowly, but the State economic growth is slowing down due to low levels of available employees. However, the State is still experiencing overall economic prosperity. The State Budget for Education contained an increase of 3.26% in fiscal year 2019-20, plus \$3.15 billion in non-Proposition 98 funding for school employer pension relief.

The fiscal policy for the funding of public education changes annually, based on fluctuations in State revenues. The UCLA Anderson Forecast (June 2019) noted that the risk of recession is about 50% within the next 5-8 quarters depending on the model, the biggest economic threat being from the escalating trade war with China and Mexico. If a recession were to happen, State revenues for public education would be negatively impacted.

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

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

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the District's budget for the 2019-20 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Aidan Harte, Chief Financial Officer at 530-626-3194 extension 235 or [aharte@gtusd.org](mailto:aharte@gtusd.org).

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 1,148,725
Accounts receivable	229,588
Inventory	2,009
Capital assets, not depreciated	271,706
Capital assets, net of accumulated depreciation	5,763,052
<b>Total Assets</b>	<b>7,415,080</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	2,074,860
Deferred amount on refunding	10,338
<b>Total Deferred Outflows of Resources</b>	<b>2,085,198</b>
<b>LIABILITIES</b>	
Deficit cash	19,722
Accrued liabilities	66,026
Long-term liabilities, current portion	146,393
Long-term liabilities, non-current portion	7,752,220
<b>Total Liabilities</b>	<b>7,984,361</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	513,879
<b>Total Deferred Inflows of Resources</b>	<b>513,879</b>
<b>NET POSITION</b>	
Net investment in capital assets	5,150,096
Restricted:	
Capital projects	206,856
Debt service	12,466
Educational programs	157,373
All others	1,909
Unrestricted	(4,526,662)
<b>Total Net Position</b>	<b>\$ 1,002,038</b>

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 4,412,034	\$ 5,419	\$ 589,468	\$ (3,817,147)
Instruction-related services				
Instructional library, media, and technology	53,922	-	1,634	(52,288)
School site administration	597,102	2,483	9,929	(584,690)
Pupil services				
Home-to-school transportation	366,496	-	11,679	(354,817)
Food services	269,728	69,725	126,610	(73,393)
All other pupil services	178,746	5,333	8,826	(164,587)
General administration				
Centralized data processing	9,435	-	-	(9,435)
All other general administration	525,461	2,801	16,457	(506,203)
Plant services	638,125	-	14,862	(623,263)
Ancillary services	41,746	-	247	(41,499)
Interest on long-term debt	32,205	-	-	(32,205)
Other outgo	51,520	33,562	6,331	(11,627)
Depreciation (unallocated)	224,202	-	-	(224,202)
<b>Total Governmental Activities</b>	<b>\$ 7,400,722</b>	<b>\$ 119,323</b>	<b>\$ 786,043</b>	<b>(6,495,356)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				2,121,938
Property taxes, levied for debt service				112,234
Property taxes, levied for other specific purposes				36
Federal and state aid not restricted for specific purposes				4,051,626
Interest and investment earnings				19,850
Interagency revenues				3,155
Miscellaneous				239,111
<b>Subtotal, General Revenue</b>				<b>6,547,950</b>
<b>CHANGE IN NET POSITION</b>				<b>52,594</b>
<b>Net Position - Beginning</b>				<b>949,444</b>
<b>Net Position - Ending</b>				<b>\$ 1,002,038</b>

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

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	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 927,412	\$ 221,313	\$ 1,148,725
Accounts receivable	205,407	24,181	229,588
Due from other funds	-	145	145
Stores inventory	-	2,009	2,009
<b>Total Assets</b>	<b>\$ 1,132,819</b>	<b>\$ 247,648</b>	<b>\$ 1,380,467</b>
<b>LIABILITIES</b>			
Deficit cash	\$ -	\$ 19,722	\$ 19,722
Accrued liabilities	61,340	2,695	64,035
Due to other funds	145	-	145
<b>Total Liabilities</b>	<b>61,485</b>	<b>22,417</b>	<b>83,902</b>
<b>FUND BALANCES</b>			
Nonspendable	100	2,009	2,109
Restricted	157,373	223,222	380,595
Assigned	62,146	-	62,146
Unassigned	851,715	-	851,715
<b>Total Fund Balances</b>	<b>1,071,334</b>	<b>225,231</b>	<b>1,296,565</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,132,819</b>	<b>\$ 247,648</b>	<b>\$ 1,380,467</b>

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



**GOLD TRAIL UNION 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** **\$ 1,296,565**

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in

**Capital assets:**

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 11,494,805	
Accumulated depreciation	<u>(5,460,047)</u>	6,034,758

**Deferred amount on refunding:**

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

10,338

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(1,991)

**Long-term liabilities:**

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 895,000	
Early retirement incentive	64,000	
Compensated absences	19,602	
Net pension liability	6,904,618	
Class size reduction payback	<u>15,393</u>	(7,898,613)

**Deferred outflows and inflows of resources relating to pensions:**

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are

Deferred outflows of resources related to pensions	\$ 2,074,860	
Deferred inflows of resources related to pensions	<u>(513,879)</u>	1,560,981

<b>Total Net Position - Governmental Activities</b>		<b><u>\$ 1,002,038</u></b>
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**GOLD TRAIL UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
LCFF sources	\$ 5,899,493	\$ -	\$ 5,899,493
Federal sources	120,375	112,141	232,516
Other state sources	939,724	14,469	954,193
Other local sources	435,714	232,302	668,016
<b>Total Revenues</b>	<b>7,395,306</b>	<b>358,912</b>	<b>7,754,218</b>
<b>EXPENDITURES</b>			
Current			
Instruction	4,562,246	-	4,562,246
Instruction-related services			
Instructional library, media, and technology	45,742	-	45,742
School site administration	557,521	-	557,521
Pupil services			
Home-to-school transportation	387,146	-	387,146
Food services	242	242,626	242,868
All other pupil services	152,806	-	152,806
General administration			
Centralized data processing	9,435	-	9,435
All other general administration	462,051	1,365	463,416
Plant services	564,755	-	564,755
Facilities acquisition and maintenance	282,006	-	282,006
Ancillary services	44,023	-	44,023
Transfers to other agencies	50,371	-	50,371
Debt service			
Principal	53,652	105,977	159,629
Interest and other	4,977	27,429	32,406
<b>Total Expenditures</b>	<b>7,176,973</b>	<b>377,397</b>	<b>7,554,370</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>218,333</b>	<b>(18,485)</b>	<b>199,848</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	45,000	45,000
Transfers out	(45,000)	-	(45,000)
<b>Net Financing Sources (Uses)</b>	<b>(45,000)</b>	<b>45,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>173,333</b>	<b>26,515</b>	<b>199,848</b>
<b>Fund Balance - Beginning</b>	<b>898,001</b>	<b>198,716</b>	<b>1,096,717</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,071,334</b>	<b>\$ 225,231</b>	<b>\$ 1,296,565</b>

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

**GOLD TRAIL UNION 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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<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 199,848</b>
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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

Expenditures for capital outlay:	\$ 347,963	
Depreciation expense:	<u>(224,202)</u>	123,761

Debt service:

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

159,629

Deferred amounts on refunding:

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

(1,149)

Unmatured interest on long-term debt:

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

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***(Continued on next page)***

**GOLD TRAIL UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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Compensated absences:

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

11,539

Pensions:

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

(513,631)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

72,396

**Change in Net Position of Governmental Activities**

<b>\$</b>	<b>52,594</b>
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**GOLD TRAIL UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

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	<u>Agency Funds</u> <u>Student Body</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 19,900
<b>Total Assets</b>	<u>\$ 19,900</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 19,900
<b>Total Liabilities</b>	<u>\$ 19,900</u>

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

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

**C. Basis of Presentation**

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

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

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

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

**Major Governmental Funds**

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

**Non-Major Governmental Funds**

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

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

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**Capital Project Funds (continued):**

**County School Facilities Fund:** This 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), or the 2004 State School Facilities Fund (Proposition 55) 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:** This fund exists primarily for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

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

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

**Fiduciary Funds**

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

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



**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide and Fiduciary Financial Statements**

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

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

**Governmental Funds**

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Expenses/Expenditures**

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

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

**Cash and Cash Equivalents**

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

**Inventories**

Inventories are recorded as expenditures when consumed rather than when purchased. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**Capital Assets**

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

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

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings	15-50 years
Site Improvements	20 years
Equipment	5-25 years

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Premiums and Discounts**

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

**Deferred Outflows/Deferred Inflows of Resources**

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

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

**Pensions**

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fund Balance**

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

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

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

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

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

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund Activity**

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

**G. Estimates**

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

**H. Budgetary Data**

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

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

**I. Property Tax**

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

**J. New Accounting Pronouncements**

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective 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. The statement is effective for periods beginning after June 15, 2018. The District has implemented GASB Statement No. 88 for the year ended June 30, 2019.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Investment in county treasury*	\$ 1,126,850	\$ -
Cash on hand and in banks	2,053	19,900
Cash in revolving fund	100	-
<b>Total cash and investments</b>	<b>\$ 1,129,003</b>	<b>\$ 19,900</b>

**B. Policies and Practices**

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$1,128,431 and an amortized book value of \$1,126,850, net of deficit cash. The average weighted maturity for this pool is 138 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2019, the pooled investments in the County Treasury were not rated.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. Custodial Credit Risk – Deposits**

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

**G. Fair Value**

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

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

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

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

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

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

	<b><u>Uncategorized</u></b>
Investment in county treasury	<b>\$ 1,128,431</b>
<b>Total fair market value of investments</b>	<b><u>\$ 1,128,431</u></b>



**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal Government			
Categorical aid	\$ 56,108	\$ 17,450	\$ 73,558
State Government			
Categorical aid	63,630	1,299	64,929
Lottery	65,410	-	65,410
Local Government			
Other local sources	20,259	5,432	25,691
<b>Total</b>	<b>\$ 205,407</b>	<b>\$ 24,181</b>	<b>\$ 229,588</b>

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance July 01, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 271,706	\$ -	\$ -	\$ 271,706
Total Capital Assets not Being Depreciated	271,706	-	-	271,706
Capital assets being depreciated				
Land improvements	521,179	-	-	521,179
Buildings & improvements	8,746,691	-	-	8,746,691
Furniture & equipment	1,607,266	347,963	-	1,955,229
Total Capital Assets Being Depreciated	10,875,136	347,963	-	11,223,099
Less Accumulated Depreciation				
Land improvements	308,423	14,927	-	323,350
Buildings & improvements	3,981,831	162,182	-	4,144,013
Furniture & equipment	945,591	47,093	-	992,684
Total Accumulated Depreciation	5,235,845	224,202	-	5,460,047
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 5,910,997</b>	<b>\$ 123,761</b>	<b>\$ -</b>	<b>\$ 6,034,758</b>

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 5 – INTERFUND TRANSACTIONS**

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

Interfund receivables and payables for the year ended June 30, 2019 consisted of the following:

		<u>Due From Other Funds</u>	
		<b>Non-Major Governmental Funds</b>	<b>Total</b>
<u>Due To Other Funds</u>			
General Fund		\$ 145	\$ 145
<b>Total Due From Other Funds</b>		<b>\$ 145</b>	<b>\$ 145</b>
Due from the General Fund to the Cafeteria Fund for indirect cost transfer.		\$	145
<b>Total</b>		<b>\$</b>	<b>145</b>

**B. Operating Transfers**

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

		<u>Interfund Transfers In</u>	
		<b>Non-Major Governmental Funds</b>	<b>Total</b>
<u>Interfund Transfers Out</u>			
General Fund		\$ 45,000	\$ 45,000
<b>Total Interfund Transfers</b>		<b>\$ 45,000</b>	<b>\$ 45,000</b>
Transfer from the General Fund to the Cafeteria Fund to cover shortfall.		\$	45,000
<b>Total</b>		<b>\$</b>	<b>45,000</b>

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2019 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>District-Wide</b>	<b>Total Governmental Activities</b>
Vendors payable	\$ 61,340	\$ 2,695	\$ -	\$ 64,035
Unmatured interest	-	-	1,991	1,991
<b>Total</b>	<b>\$ 61,340</b>	<b>\$ 2,695</b>	<b>\$ 1,991</b>	<b>\$ 66,026</b>

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE 7 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2019 consisted of the following:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 985,000	\$ -	\$ 90,000	\$ 895,000	\$ 85,000
Capital leases	69,629	-	69,629	-	-
Early retirement incentive	121,000	-	57,000	64,000	46,000
Compensated absences	31,141	-	11,539	19,602	-
Net pension liability	6,499,990	404,628	-	6,904,618	-
Class size reduction payback	30,789	-	15,396	15,393	15,393
<b>Total</b>	<b>\$ 7,737,549</b>	<b>\$ 404,628</b>	<b>\$ 243,564</b>	<b>\$ 7,898,613</b>	<b>\$ 146,393</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital lease obligations are made in the General Fund and Capital Facilities Fund.
- Payments for early retirement incentive are made in the General Fund.
- Payments for class size reduction payback are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2019 amounted to \$19,602. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. General Obligation Bonds**

The annual requirements to amortize general obligation bonds payable outstanding as of June 30, 2019, are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2018	Additions	Deductions	Bonds Outstanding June 30, 2019
2014 GO Refunding Bond	2014	2028	2.67%	\$ 1,320,000	\$ 985,000	\$ -	\$ 90,000	\$ 895,000
					\$ 985,000	\$ -	\$ 90,000	\$ 895,000

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 7 – LONG-TERM LIABILITIES (continued)**

**B. General Obligation Bonds (continued)**

**2014 General Obligation Refunding Bonds**

The 2014 General Obligation Refunding Bonds were issued on September 23, 2014 for \$1,320,000. This issuance consisted of current interest serial bonds. The principal balance outstanding on June 30, 2019 amounted to \$895,000. These bonds were issued to refund the Election 2002 current interest bond maturities December 1, 2014 to June 1, 2028.

The bonds mature through 2028 as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 85,000	\$ 23,897	\$ 108,897
2021	90,000	21,627	111,627
2022	95,000	19,224	114,224
2023	100,000	16,688	116,688
2024	100,000	14,018	114,018
2025 - 2028	425,000	28,569	453,569
Total	<u>\$ 895,000</u>	<u>\$ 124,023</u>	<u>\$ 1,019,023</u>

**C. Capital Leases**

In 2004, the District financed an Energy Retrofit valued at \$314,586. In August 2013, the District financed copier leases. In October 2016, the District financed a school bus. The capital lease was repaid as of June 30, 2019.

**D. Early Retirement Incentive**

The District offered early retirement incentives to qualified certificated employees. The retirees receive annual benefit payments ranging from \$692 to \$1,000 per month for a term of five or seven years. This benefit is paid out monthly in equal installments. Currently, there are nine employees participating in the plan. The District's obligation to those retirees as of June 30, 2019 is:

<b>Year Ended June 30,</b>	<b>Payment</b>
2020	\$ 46,000
2021	18,000
Total	<u>\$ 64,000</u>

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 7 – LONG-TERM LIABILITIES (continued)**

**E. Class Size Reduction Payback**

In February of 2012, the District settled with the Education Audit Appeals Panel regarding an audit finding in 2007-08 about a disallowance of the Class Size Reduction claim. The terms of the settlement are such that the State of California will withhold \$15,396 per year, for eight years, out of the District's revenue limit/LCFF until the liability is satisfied.

The payment schedule as of June 30, 2019 is as follows:

<b>Year Ended June 30,</b>	<b>Payment</b>
2020	\$ 15,393
Total	\$ 15,393

**F. Net Pension Liability**

The District's beginning net pension liability was \$6,499,990 and increased by \$404,628 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was \$6,904,618. See Note 9 for additional information regarding the net pension liability.

**NOTE 8 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2019:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable			
Revolving cash	\$ 100	\$ -	\$ 100
Stores inventory	-	2,009	2,009
Total non-spendable	100	2,009	2,109
Restricted			
Educational programs	157,373	-	157,373
Capital projects	-	206,856	206,856
Debt service	-	14,457	14,457
All others	-	1,909	1,909
Total restricted	157,373	223,222	380,595
Assigned			
Other assignments	62,146	-	62,146
Total assigned	62,146	-	62,146
Unassigned			
Reserve for economic uncertainties	289,000	-	289,000
Remaining unassigned	562,715	-	562,715
Total unassigned	851,715	-	851,715
<b>Total</b>	<b>\$ 1,071,334</b>	<b>\$ 225,231</b>	<b>\$ 1,296,565</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts that meet or exceed the requirements of law.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS**

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

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 4,193,544	\$ 1,233,350	\$ 474,637	\$ 447,935
PERS Pension	2,711,074	841,510	39,242	717,803
<b>Total</b>	<b>\$ 6,904,618</b>	<b>\$ 2,074,860</b>	<b>\$ 513,879</b>	<b>\$ 1,165,738</b>

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

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2019, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$403,590 for the year ended June 30, 2019.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$382,776 to CalSTRS, which included a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

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

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

District's proportionate share of the net pension liability	\$	4,193,544
State's proportionate share of the net pension liability associated with the District		2,401,012
Total	\$	<u>6,594,556</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to 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. At June 30, 2018, the District's proportion was 0.005 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2017.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$447,935. In addition, the District recognized pension expense and revenue of \$81,874 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 161,478
Differences between expected and actual experience	13,004	60,914
Changes in assumptions	651,456	-
Changes in proportion and differences between District contributions and proportionate share of contributions	165,300	252,245
District contributions subsequent to the measurement date	403,590	-
	<u>\$ 1,233,350</u>	<u>\$ 474,637</u>

The \$403,590 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 160,961	\$ 54,865
2021	160,961	115,485
2022	160,961	225,638
2023	160,959	60,716
2024	159,406	17,310
2025	26,512	623
	<u>\$ 829,760</u>	<u>\$ 474,637</u>



**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	<hr/> 100% <hr/>	

\*20-year geometric average

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 6,143,052	\$ 4,193,544	\$ 2,577,214

**Pension Plan Fiduciary Net Position**

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Plan Description**

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

**Benefits Provided**

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

**Contributions**

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2019 was 18.062% of annual payroll. Contributions to the plan from the District were \$248,517 for the year ended June 30, 2019.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalPERS for K-12 education. These payments consisted of state general fund contributions of approximately \$91,938 to CalPERS for fiscal year 2019 due to California Senate Bill No. 90.

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

At June 30, 2019, the District reported a liability of \$2,711,074 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to 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. At June 30, 2018, the District's proportion was 0.010 percent, which did not change from its proportion measured as of June 30, 2017.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

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

For the year ended June 30, 2019, the District recognized pension expense of \$717,803. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 22,237	\$ -
Differences between expected and actual experience	177,728	-
Changes in assumptions	270,689	-
Changes in proportion and differences between District contributions and proportionate share of contributions	122,339	39,242
District contributions subsequent to the measurement date	248,517	-
	<u>\$ 841,510</u>	<u>\$ 39,242</u>

The \$248,517 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 402,851	\$ 13,532
2021	209,586	13,532
2022	(3,443)	12,178
2023	(16,001)	-
	<u>\$ 592,993</u>	<u>\$ 39,242</u>

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 9 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 3,947,195	\$ 2,711,074	\$ 1,685,536

**Pension Plan Fiduciary Net Position**

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

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

**C. Construction Commitments**

As of June 30, 2019, the District had no commitments with respect to unfinished capital projects.

**NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in two joint ventures under joint powers authorities (JPAs), the Schools Insurance Authority to provide property and liability, excess liability, workers' compensation and vision insurance, and the Self-Insured Schools for California for health and welfare benefits. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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**NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2019, the deferred amount on refunding was \$10,338.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2019, total deferred outflows related to pensions was \$2,074,860 and total deferred inflows related to pensions was \$513,879.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**GOLD TRAIL UNION SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 5,846,986	\$ 5,879,020	\$ 5,899,493	\$ 20,473
Federal sources	92,720	100,708	120,375	19,667
Other state sources	608,945	516,794	939,724	422,930
Other local sources	316,238	374,073	433,332	59,259
Total Revenues	6,864,889	6,870,595	7,392,924	522,329
EXPENDITURES				
Certificated salaries	2,628,231	2,653,099	2,634,883	18,216
Classified salaries	1,353,571	1,354,729	1,328,920	25,809
Employee benefits	1,652,963	1,641,701	1,847,825	(206,124)
Books and supplies	336,924	326,898	292,757	34,141
Services and other operating expenditures	624,032	651,888	610,769	41,119
Capital outlay	215,554	301,373	352,819	(51,446)
Other outgo				
Excluding transfers of indirect costs	84,717	96,981	109,000	(12,019)
Transfers of indirect costs	(28,661)	(10,585)	-	(10,585)
Total Expenditures	6,867,331	7,016,084	7,176,973	(160,889)
Excess (Deficiency) of Revenues				
Over Expenditures	(2,442)	(145,489)	215,951	361,440
Other Financing Sources (Uses)				
Transfers in	54,439	54,439	54,439	-
Transfers out	(68,000)	(38,000)	(45,000)	(7,000)
Net Financing Sources (Uses)	(13,561)	16,439	9,439	(7,000)
NET CHANGE IN FUND BALANCE				
	(16,003)	(129,050)	225,390	354,440
Fund Balance - Beginning	783,798	783,798	783,798	-
Fund Balance - Ending	\$ 767,795	\$ 654,748	\$ 1,009,188	\$ 354,440

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.005%	0.004%	0.004%	0.004%	0.004%
District's proportionate share of the net pension liability	\$ 4,193,544	\$ 4,005,176	\$ 3,631,329	\$ 3,014,127	\$ 2,378,511
State's proportionate share of the net pension liability associated with the District	2,401,012	2,369,448	2,037,555	1,594,136	1,436,248
Total	<u>\$ 6,594,556</u>	<u>\$ 6,374,624</u>	<u>\$ 5,668,884</u>	<u>\$ 4,608,263</u>	<u>\$ 3,814,759</u>
District's covered payroll	\$ 2,432,804	\$ 2,327,135	\$ 2,242,611	\$ 2,071,673	\$ 1,812,885
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.4%	172.1%	161.9%	145.5%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.0%	69.5%	70.0%	74.0%	76.5%

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.010%	0.010%	0.010%	0.009%	0.008%
District's proportionate share of the net pension liability	\$ 2,711,074	\$ 2,494,814	\$ 1,913,991	\$ 1,263,826	\$ 911,683
District's covered payroll	\$ 1,347,216	\$ 1,335,172	\$ 1,160,153	\$ 945,851	\$ 843,026
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.2%	186.9%	165.0%	133.6%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.8%	71.9%	73.9%	79.4%	83.4%

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 403,590	\$ 351,828	\$ 292,666	\$ 240,862	\$ 281,328
Contributions in relation to the contractually required contribution*	(403,590)	(351,828)	(292,666)	(240,862)	(281,328)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,477,358	\$ 2,432,804	\$ 2,327,135	\$ 2,242,611	\$ 2,071,673
Contributions as a percentage of covered payroll	16.29%	14.46%	12.58%	10.74%	13.58%

\*Amounts do not include on-behalf contributions

**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 248,517	\$ 209,180	\$ 185,098	\$ 138,767	\$ 110,893
Contributions in relation to the contractually required contribution*	(248,517)	(209,180)	(185,098)	(138,767)	(110,893)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,408,784	\$ 1,347,216	\$ 1,335,172	\$ 1,160,153	\$ 945,851
Contributions as a percentage of covered payroll	17.64%	15.53%	13.86%	11.96%	11.72%

\*Amounts do not include on-behalf contributions

**GOLD TRAIL UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

**Schedule of District Contributions**

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

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2019, the District incurred excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Employee benefits	\$ 1,641,701	\$ 1,847,825	\$ 206,124
Capital outlay	\$ 301,373	\$ 352,819	\$ 51,446
Other outgo			
Excluding transfers of indirect costs	\$ 96,981	\$ 109,000	\$ 12,019
Transfers of indirect costs	\$ (10,585)	\$ -	\$ 10,585

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## **SUPPLEMENTARY INFORMATION**

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**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2019**

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	Second Period Report	Revised Second Period Report	Annual Report	Revised Annual Report
	Certificate No. 4F0C7BCF	Certificate No. AB05AB7E	Certificate No. A41CE9D4	Certificate No. 4DA7723D
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	258.61	258.61	259.64	259.64
Total TK/K through Third	258.61	258.61	259.64	259.64
Fourth through Sixth				
Regular ADA	207.06	207.16	207.85	207.85
Special Education - Nonpublic Schools	-	-	-	0.26
Extended Year Special Education - Nonpublic Schools	-	-	-	0.11
Total Fourth through Sixth	207.06	207.16	207.85	208.22
Seventh through Eighth				
Regular ADA	163.40	163.50	163.92	163.92
Total Seventh through Eighth	163.40	163.50	163.92	163.92
TOTAL SCHOOL DISTRICT	629.07	629.27	631.41	631.78

**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2018-19 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	47,600	180	Complied
Grade 1	50,400	51,910	180	Complied
Grade 2	50,400	52,715	180	Complied
Grade 3	50,400	52,715	180	Complied
Grade 4	54,000	58,920	180	Complied
Grade 5	54,000	58,920	180	Complied
Grade 6	54,000	58,920	180	Complied
Grade 7	54,000	58,920	180	Complied
Grade 8	54,000	58,920	180	Complied

**GOLD TRAIL UNION SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2020 (Budget)	2019	2018	2017
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 6,540,527	\$ 7,447,363	\$ 6,586,709	\$ 6,502,033
Expenditures And Other Financing Uses	6,771,923	7,221,973	6,322,815	6,459,143
Net change in Fund Balance	<u>\$ (231,396)</u>	<u>\$ 225,390</u>	<u>\$ 263,894</u>	<u>\$ 42,890</u>
Ending Fund Balance	<u>\$ 777,792</u>	<u>\$ 1,009,188</u>	<u>\$ 783,797</u>	<u>\$ 519,903</u>
Available Reserves*	<u>\$ 677,810</u>	<u>\$ 851,715</u>	<u>\$ 473,910</u>	<u>\$ 259,000</u>
Available Reserves As A Percentage Of Outgo	<u>10.01%</u>	<u>11.79%</u>	<u>7.50%</u>	<u>4.01%</u>
Long-term Liabilities	<u>\$ 7,752,220</u>	<u>\$ 7,898,613</u>	<u>\$ 7,737,524</u>	<u>\$ 7,029,766</u>
Average Daily Attendance At P-2	<u>610</u>	<u>629</u>	<u>676</u>	<u>652</u>

The General Fund balance has increased by \$489,285 over the past two years. The fiscal year 2019-20 budget projects a decrease of \$231,396. For a District this size, the State recommends available reserves of at least 4% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2019-20 fiscal year. Total long-term obligations have increased by \$868,847 over the past two years.

Average daily attendance has decreased by 23 ADA over the past two years. An additional decrease of 19 ADA is anticipated during the 2019-20 fiscal year.

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

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

**GOLD TRAIL UNION SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<b>General Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2019, annual financial and budget report fund balance	\$ 1,009,188	\$ 156	\$ 61,990
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	62,146	(156)	(61,990)
Net adjustments and reclassifications	62,146	(156)	(61,990)
June 30, 2019, audited financial statement fund balance	<u>\$ 1,071,334</u>	<u>\$ -</u>	<u>\$ -</u>

**GOLD TRAIL UNION SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 134,100	\$ 1	\$ 72,755	\$ 14,457	\$ 221,313
Accounts receivable	24,181	-	-	-	-	24,181
Due from other funds	145	-	-	-	-	145
Stores inventory	2,009	-	-	-	-	2,009
<b>Total Assets</b>	<b>\$ 26,335</b>	<b>\$ 134,100</b>	<b>\$ 1</b>	<b>\$ 72,755</b>	<b>\$ 14,457</b>	<b>\$ 247,648</b>
<b>LIABILITIES</b>						
Deficit cash	\$ 19,722	\$ -	\$ -	\$ -	\$ -	\$ 19,722
Accrued liabilities	2,695	-	-	-	-	2,695
<b>Total Liabilities</b>	<b>22,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,417</b>
<b>FUND BALANCES</b>						
Non-spendable	2,009	-	-	-	-	2,009
Restricted	1,909	134,100	1	72,755	14,457	223,222
<b>Total Fund Balances</b>	<b>3,918</b>	<b>134,100</b>	<b>1</b>	<b>72,755</b>	<b>14,457</b>	<b>225,231</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 26,335</b>	<b>\$ 134,100</b>	<b>\$ 1</b>	<b>\$ 72,755</b>	<b>\$ 14,457</b>	<b>\$ 247,648</b>

See accompanying note to supplementary information.

**GOLD TRAIL UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ 112,141	\$ -	\$ -	\$ -	\$ -	\$ 112,141
Other state sources	14,469	-	-	-	-	14,469
Other local sources	69,725	48,042	-	1,471	113,064	232,302
<b>Total Revenues</b>	<u>196,335</u>	<u>48,042</u>	<u>-</u>	<u>1,471</u>	<u>113,064</u>	<u>358,912</u>
<b>EXPENDITURES</b>						
Current						
Pupil services						
Food services	242,626	-	-	-	-	242,626
General administration						
All other general administration	-	1,365	-	-	-	1,365
Debt service						
Principal	-	15,977	-	-	90,000	105,977
Interest and other	-	379	-	-	27,050	27,429
<b>Total Expenditures</b>	<u>242,626</u>	<u>17,721</u>	<u>-</u>	<u>-</u>	<u>117,050</u>	<u>377,397</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(46,291)</u>	<u>30,321</u>	<u>-</u>	<u>1,471</u>	<u>(3,986)</u>	<u>(18,485)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	45,000	-	-	-	-	45,000
<b>Net Financing Sources (Uses)</b>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,291)</u>	<u>30,321</u>	<u>-</u>	<u>1,471</u>	<u>(3,986)</u>	<u>26,515</u>
<b>Fund Balance - Beginning</b>	<u>5,209</u>	<u>103,779</u>	<u>1</u>	<u>71,284</u>	<u>18,443</u>	<u>198,716</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,918</u>	<u>\$ 134,100</u>	<u>\$ 1</u>	<u>\$ 72,755</u>	<u>\$ 14,457</u>	<u>\$ 225,231</u>

See accompanying note to supplementary information.

**GOLD TRAIL UNION SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2019**

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The Gold Trail Union School District is a political subdivision of the State of California and was organized in 1956 from the combination of seven one-room schools. The District provides elementary education to the general public residing within the District, which is generally the area surrounding the City of Placerville, located within the County of El Dorado. There were no changes in the boundaries of the District during the current year. The District is operating two elementary schools within its boundaries.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Micah Howser	President	December 2020
Julie Bauer	Clerk	December 2022
Janet Barbieri	Member	December 2020
Sue Hennike	Member	December 2022
Daryl Lander	Member	December 2022

**DISTRICT ADMINISTRATORS**

Scott Lyons  
*Superintendent*

Aidan Harte  
*Chief Financial Officer*

**GOLD TRAIL UNION SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2019, the District participated in the Longer Day incentive funding program. As of June 30, 2019, the District had met its target funding.

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**Combining Statements – Non-Major Funds**

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

**Local Education Agency Organization Structure**

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



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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board  
Gold Trail Union School District  
Placerville, 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, the major fund, and the aggregate remaining fund information of Gold Trail Union School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Gold Trail Union School District's basic financial statements, and have issued our report thereon dated December 5, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California  
December 5, 2019

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
Gold Trail Union School District  
Placerville, California

**Report on State Compliance**

We have audited Gold Trail Union School District's compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Gold Trail Union School District's state programs for the fiscal year ended June 30, 2019, as identified below.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Gold Trail Union School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Gold Trail Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Gold Trail Union School District's compliance with those requirements.

***Opinion on State Compliance***

In our opinion, Gold Trail Union School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2019-001. Our opinion on state compliance is not modified with respect to these matters.

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

### ***Procedures Performed***

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

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

***Procedures Performed (continued)***

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable



San Diego, California  
December 5, 2019

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**GOLD TRAIL UNION SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

*The District was not subject to Uniform Guidance Single Audit for the year ended June 30, 2019 because federal award expenditures did not exceed \$750,000.*

**STATE AWARDS**

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



**GOLD TRAIL UNION SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

***No financial statement findings were noted in fiscal year 2018-19.***

**GOLD TRAIL UNION SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related and Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

**FINDING #2019-001: ATTENDANCE REPORTING (10000)**

**Criteria:** The Second Period and Annual Attendance reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

**Condition:** During the testing of average daily attendance for the District's second reporting period, the auditor noted the following:

- Regular ADA: Total net understatement of 0.20 ADA, resulting from 0.10 ADA understatement in Grades 4-6 and 0.10 understatement in Grades 7-8.

During the testing of average daily attendance for the District's annual reporting period, the auditor noted the following:

- Special Education – Nonpublic Schools: Total net understatement of 0.26 ADA, resulting from 0.26 understatement in Grades 4-6.
- Extended Year Special Education – Nonpublic Schools: Total net understatement of 0.11 ADA, resulting from 0.11 understatement in Grades 4-6.

**Cause:** Controls over attendance reporting are not in place to assure that the amounts reported on the Second Period Report and Annual Report are accurate.

**Effect:** Incorrect reporting of Regular ADA in the Second Period Report, Special Education – Nonpublic Schools ADA in the Annual Report and Extended Year Special Education – Nonpublic Schools in the Annual report can result in noncompliance with state regulations.

**Questioned Costs:** There is no questioned cost as the P2 and Annual Attendance Reports have been revised as shown in the Schedule of Average Daily Attendance.

**Repeat Finding:** This is not a repeat finding.

**GOLD TRAIL UNION SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINDING #2019-001: ATTENDANCE REPORTING (10000) (continued)**

**Recommendation:** We recommend that proper procedures be established to ensure that the data within the attendance system and data reported on the Second Period Attendance Report are accurate.

**Corrective Action Plan:** The District has revised both our P2 and Annual reports and submitted the revised reports to the state. The District has reviewed their procedures for issuing our attendance reports. They have made minor changes to their calculating spreadsheet in order to alert them to any discrepancies between our calculations and our supporting documents. They have also implemented a new step in the procedure, whereby they have their Fiscal Business Technician check the reports against our supporting documents before they submit the report. The District is confident these additional procedures will ensure they do not have a repeat of this discrepancy in the future.

**GOLD TRAIL UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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*There were no audit findings or questioned costs for the year ended, June 30, 2018.*