

# MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2019



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
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**JUNE 30, 2019**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Marysville Joint Unified School District  
Marysville, 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 Marysville Joint Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Marysville Joint Unified School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Marysville Joint Unified 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, schedule of changes in total OPEB liability and related ratios, 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 Marysville Joint Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 11, 2019 on our consideration of Marysville Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Marysville Joint Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marysville Joint Unified School District's internal control over financial reporting and compliance.



San Diego, California  
December 11, 2019

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

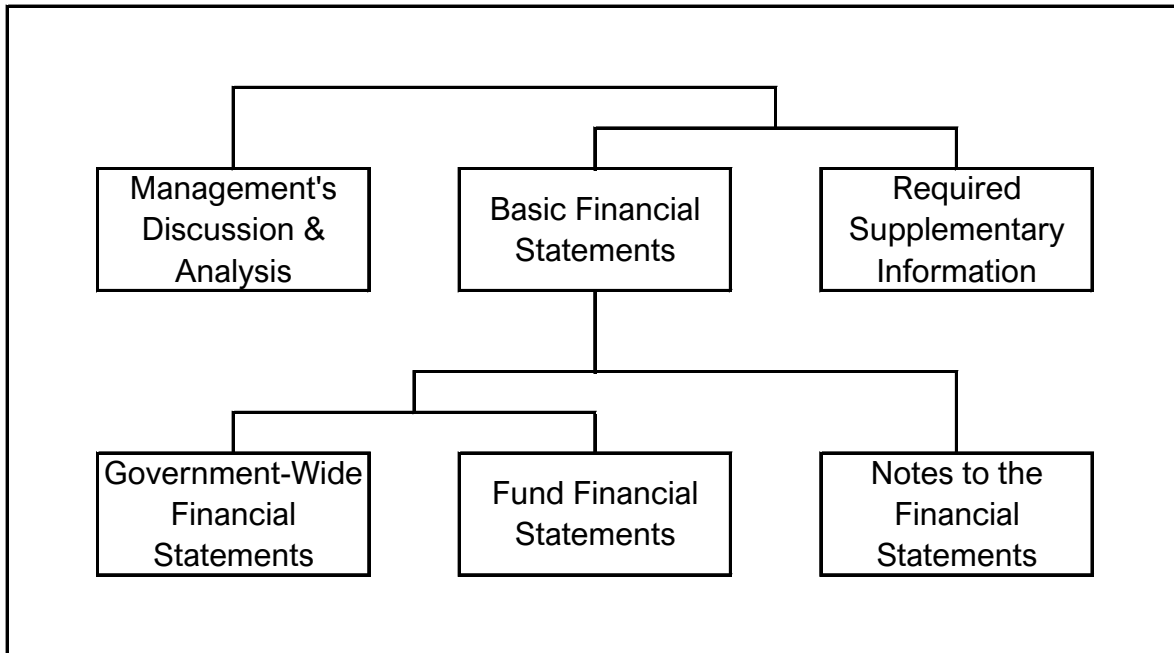
Our discussion and analysis of Marysville Joint Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this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

**FINANCIAL HIGHLIGHTS**

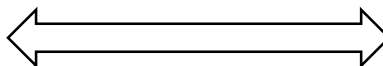
- The District's net position was \$22,318,236 at June 30, 2019. This was an increase of \$1,900,103 from the prior year.
- Overall revenues were \$145,809,825 which exceeded expenses of \$143,909,722.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**



**Summary**



**Detail**

**MARYSVILLE JOINT UNIFIED 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.



**MARYSVILLE JOINT UNIFIED 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 \$22,318,236 at June 30, 2019, as reflected in the table below. Of this amount, \$(71,530,850) 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	\$ 76,209,744	\$ 54,002,159	\$ 22,207,585
Capital assets	162,731,508	161,759,705	971,803
<b>Total Assets</b>	<b>238,941,252</b>	<b>215,761,864</b>	<b>23,179,388</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>40,546,007</b>	<b>39,099,231</b>	<b>1,446,776</b>
<b>LIABILITIES</b>			
Current liabilities	12,321,027	9,914,242	2,406,785
Long-term liabilities	240,386,693	220,958,975	19,427,718
<b>Total Liabilities</b>	<b>252,707,720</b>	<b>230,873,217</b>	<b>21,834,503</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,461,303</b>	<b>3,569,745</b>	<b>891,558</b>
<b>NET POSITION</b>			
Net investment in capital assets	74,174,959	70,840,215	3,334,744
Restricted	19,674,127	16,030,864	3,643,263
Unrestricted	(71,530,850)	(66,452,946)	(5,077,904)
<b>Total Net Position</b>	<b>\$ 22,318,236</b>	<b>\$ 20,418,133</b>	<b>\$ 1,900,103</b>

**MARYSVILLE JOINT UNIFIED 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 takes the information from the Statement 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	\$ 545,801	\$ 706,172	\$ (160,371)
Operating grants and contributions	23,987,531	24,654,655	(667,124)
Capital grants and contributions	3,231	1,876	1,355
General revenues			
Property taxes	23,440,451	21,473,441	1,967,010
Unrestricted federal and state aid	89,820,687	81,592,216	8,228,471
Other	8,012,124	5,024,990	2,987,134
<b>Total Revenues</b>	<b>145,809,825</b>	<b>133,453,350</b>	<b>12,356,475</b>
<b>EXPENSES</b>			
Instruction	75,009,743	69,818,015	5,191,728
Instruction-related services	13,830,522	12,769,141	1,061,381
Pupil services	22,779,296	21,018,386	1,760,910
General administration	9,364,365	8,122,573	1,241,792
Plant services	13,805,976	9,869,662	3,936,314
Ancillary and community services	1,004,414	621,266	383,148
Debt service	3,319,212	4,212,679	(893,467)
Other outgo	4,743,445	3,817,458	925,987
Enterprise activities	52,749	69,195	(16,446)
<b>Total Expenses</b>	<b>143,909,722</b>	<b>130,318,375</b>	<b>13,591,347</b>
<b>Change in net position</b>	<b>1,900,103</b>	<b>3,134,975</b>	<b>(1,234,872)</b>
<b>Net Position - Beginning</b>	<b>20,418,133</b>	<b>17,283,158</b>	<b>3,134,975</b>
<b>Net Position - Ending</b>	<b>\$ 22,318,236</b>	<b>\$ 20,418,133</b>	<b>\$ 1,900,103</b>

The cost of all our governmental activities this year was \$143,909,722 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$23,440,451 because the remaining cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**MARYSVILLE JOINT UNIFIED 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 (continued)**

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

	<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>
Instruction	\$ 65,504,051	\$ 58,335,294
Instruction-related services	11,445,071	10,409,685
Pupil services	13,798,703	12,193,660
General administration	8,258,947	7,129,495
Plant services	12,701,904	9,750,301
Ancillary and community services	999,676	621,651
Debt service	3,319,212	4,212,679
Transfers to other agencies	3,296,486	2,237,955
Enterprise activities	49,109	64,952
<b>Total Expenses</b>	<b>\$ 119,373,159</b>	<b>\$ 104,955,672</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 \$67,395,953 which is more than last year’s ending fund balance of \$48,274,444. The District’s General Fund had \$3,799,504 more in operating revenues than expenditures for the year ended June 30, 2019. The District’s Building Fund experienced a net increase in fund balance of \$12,607,965, primarily due to the issuance of Election 2008, Series 2018 general obligation bonds.

**CURRENT YEAR BUDGET 2018-2019**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval periodically 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.

**MARYSVILLE JOINT UNIFIED 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 \$162,731,508 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	\$ 7,581,576	\$ 7,581,576	\$ -
Construction in progress	30,159,784	56,304,214	(26,144,430)
Land improvements	39,893,973	39,893,973	-
Buildings & improvements	155,681,222	123,570,627	32,110,595
Furniture & equipment	13,596,078	12,887,045	709,033
Accumulated depreciation	(84,181,125)	(78,477,730)	(5,703,395)
<b>Total Capital Assets</b>	<b>\$ 162,731,508</b>	<b>\$ 161,759,705</b>	<b>\$ 971,803</b>

**Long-Term Liabilities**

At year-end, the District had \$240,386,693 in long-term debt, an increase of 8.79% 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	\$ 81,339,700	\$ 71,508,379	\$ 9,831,321
Total certificates of participation	27,077,600	27,621,044	(543,444)
Capital leases	230,278	385,790	(155,512)
Compensated absences	632,262	597,760	34,502
Total OPEB liability	17,998,429	17,488,679	509,750
Net pension liability	114,804,316	105,929,515	8,874,801
Less: current portion of long-term liabilities	(1,695,892)	(2,572,192)	876,300
<b>Total Long-term Liabilities</b>	<b>\$ 240,386,693</b>	<b>\$ 220,958,975</b>	<b>\$ 19,427,718</b>

**MARYSVILLE JOINT UNIFIED 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 the Business Office at 1919 B Street, Marysville, CA 95901 or (530) 749-6115.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 69,560,973
Accounts receivable	6,262,220
Inventory	386,551
Capital assets, not depreciated	37,741,360
Capital assets, net of accumulated depreciation	124,990,148
<b>Total Assets</b>	<u>238,941,252</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	34,595,056
Deferred outflows related to OPEB	885,981
Deferred amount on refunding	5,064,970
<b>Total Deferred Outflows of Resources</b>	<u>40,546,007</u>
<b>LIABILITIES</b>	
Deficit cash	133,815
Accrued liabilities	10,087,150
Unearned revenue	404,170
Long-term liabilities, current portion	1,695,892
Long-term liabilities, non-current portion	240,386,693
<b>Total Liabilities</b>	<u>252,707,720</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	4,069,287
Deferred inflows related to OPEB	392,016
<b>Total Deferred Inflows of Resources</b>	<u>4,461,303</u>
<b>NET POSITION</b>	
Net investment in capital assets	74,174,959
Restricted:	
Capital projects	4,952,918
Debt service	6,045,131
Educational programs	5,896,876
All others	2,779,202
Unrestricted	(71,530,850)
<b>Total Net Position</b>	<u>\$ 22,318,236</u>

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

**MARYSVILLE JOINT UNIFIED 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	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 75,009,743	\$ 207,908	\$ 9,294,553	\$ 3,231	\$ (65,504,051)
Instruction-related services					
Instructional supervision and administration	3,464,976	3,596	1,831,773	-	(1,629,607)
Instructional library, media, and technology	1,120,103	261	38,048	-	(1,081,794)
School site administration	9,245,443	1,681	510,092	-	(8,733,670)
Pupil services					
Home-to-school transportation	6,229,028	99	878	-	(6,228,051)
Food services	8,126,558	79,192	7,067,550	-	(979,816)
All other pupil services	8,423,710	54,663	1,778,211	-	(6,590,836)
General administration					
Centralized data processing	3,204,155	-	-	-	(3,204,155)
All other general administration	6,160,210	4,644	1,100,774	-	(5,054,792)
Plant services	13,805,976	2,729	1,101,343	-	(12,701,904)
Ancillary services	1,004,414	-	4,738	-	(999,676)
Enterprise activities	52,749	42	3,598	-	(49,109)
Interest on long-term debt	3,319,212	-	-	-	(3,319,212)
Other outgo	4,743,445	190,986	1,255,973	-	(3,296,486)
<b>Total Governmental Activities</b>	<b>\$ 143,909,722</b>	<b>\$ 545,801</b>	<b>\$ 23,987,531</b>	<b>\$ 3,231</b>	<b>(119,373,159)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					
					18,540,194
Property taxes, levied for debt service					
					4,900,257
Federal and state aid not restricted for specific purposes					
					89,820,687
Interest and investment earnings					
					853,186
Interagency revenues					
					2,495,531
Miscellaneous					
					4,663,407
<b>Subtotal, General Revenue</b>					
					<u>121,273,262</u>
<b>CHANGE IN NET POSITION</b>					
					1,900,103
<b>Net Position - Beginning</b>					
					20,418,133
<b>Net Position - Ending</b>					
					<u>\$ 22,318,236</u>

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 39,164,517	\$ 12,598,808	\$ 17,797,648	\$ 69,560,973
Accounts receivable	4,043,265	51,625	2,167,330	6,262,220
Due from other funds	1,186,178	-	399,592	1,585,770
Stores inventory	230,616	-	155,935	386,551
<b>Total Assets</b>	<b>\$ 44,624,576</b>	<b>\$ 12,650,433</b>	<b>\$ 20,520,505</b>	<b>\$ 77,795,514</b>
<b>LIABILITIES</b>				
Deficit cash	\$ -	\$ -	\$ 133,815	\$ 133,815
Accrued liabilities	6,350,642	26,756	1,898,408	8,275,806
Due to other funds	399,592	-	1,186,178	1,585,770
Unearned revenue	329,435	-	74,735	404,170
<b>Total Liabilities</b>	<b>7,079,669</b>	<b>26,756</b>	<b>3,293,136</b>	<b>10,399,561</b>
<b>FUND BALANCES</b>				
Nonspendable	260,616	-	157,845	418,461
Restricted	4,415,947	12,623,677	17,069,524	34,109,148
Committed	2,715,549	-	-	2,715,549
Assigned	9,363,784	-	-	9,363,784
Unassigned	20,789,011	-	-	20,789,011
<b>Total Fund Balances</b>	<b>37,544,907</b>	<b>12,623,677</b>	<b>17,227,369</b>	<b>67,395,953</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 44,624,576</b>	<b>\$ 12,650,433</b>	<b>\$ 20,520,505</b>	<b>\$ 77,795,514</b>

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



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2019**

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**Total Fund Balance - Governmental Funds** \$ 67,395,953

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

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	\$ 246,912,633	
Accumulated depreciation	<u>(84,181,125)</u>	162,731,508

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: 5,064,970

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 unmaturing interest owing at the end of the period was: (1,811,344)

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	\$ 81,339,700	
Total certificates of participation	27,077,600	
Capital leases	230,278	
Compensated absences	632,262	
Total OPEB liability	17,998,429	
Net pension liability	<u>114,804,316</u>	(242,082,585)

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 reported.

Deferred outflows of resources related to pensions	\$ 34,595,056	
Deferred inflows of resources related to pensions	<u>(4,069,287)</u>	30,525,769

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 885,981	
Deferred inflows of resources related to OPEB	<u>(392,016)</u>	493,965

**Total Net Position - Governmental Activities** \$ 22,318,236

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 100,328,254	\$ -	\$ 4,570,681	\$ 104,898,935
Federal sources	7,424,972	-	7,430,982	14,855,954
Other state sources	15,767,618	-	3,323,110	19,090,728
Other local sources	4,936,086	197,462	7,336,737	12,470,285
<b>Total Revenues</b>	<b>128,456,930</b>	<b>197,462</b>	<b>22,661,510</b>	<b>151,315,902</b>
<b>EXPENDITURES</b>				
Current				
Instruction	65,743,015	-	4,390,851	70,133,866
Instruction-related services				
Instructional supervision and administration	3,015,631	-	350,040	3,365,671
Instructional library, media, and technology	1,074,633	-	-	1,074,633
School site administration	8,717,228	-	396,878	9,114,106
Pupil services				
Home-to-school transportation	5,494,817	-	-	5,494,817
Food services	133,298	-	7,542,689	7,675,987
All other pupil services	8,025,388	-	202,997	8,228,385
General administration				
Centralized data processing	3,036,532	-	-	3,036,532
All other general administration	4,558,859	-	1,172,255	5,731,114
Plant services	12,617,593	-	85,621	12,703,214
Facilities acquisition and maintenance	4,408,624	307,933	1,485,337	6,201,894
Ancillary services	964,702	-	-	964,702
Enterprise activities	49,128	-	3,621	52,749
Transfers to other agencies	4,546,934	-	193,216	4,740,150
Debt service				
Principal	2,185,512	-	1,820,000	4,005,512
Interest and other	85,532	-	2,274,433	2,359,965
<b>Total Expenditures</b>	<b>124,657,426</b>	<b>307,933</b>	<b>19,917,938</b>	<b>144,883,297</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,799,504</b>	<b>(110,471)</b>	<b>2,743,572</b>	<b>6,432,605</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	29,732	-	29,732
Other sources	-	12,688,704	200	12,688,904
Transfers out	(29,732)	-	-	(29,732)
<b>Net Financing Sources (Uses)</b>	<b>(29,732)</b>	<b>12,718,436</b>	<b>200</b>	<b>12,688,904</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,769,772</b>	<b>12,607,965</b>	<b>2,743,772</b>	<b>19,121,509</b>
<b>Fund Balance - Beginning</b>	<b>33,775,135</b>	<b>15,712</b>	<b>14,483,597</b>	<b>48,274,444</b>
<b>Fund Balance - Ending</b>	<b>\$ 37,544,907</b>	<b>\$ 12,623,677</b>	<b>\$ 17,227,369</b>	<b>\$ 67,395,953</b>

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Net Change in Fund Balances - Governmental Funds** \$ 19,121,509

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:	\$ 6,675,198	
Depreciation expense:	<u>(5,703,395)</u>	971,803

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:

4,005,512

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(12,688,904)

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:

(316,560)

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:

(197,009)

*(continued on the following page)*

**MARYSVILLE JOINT UNIFIED 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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Accreted interest on long-term debt: In governmental funds, accreted interest on capital appreciation bonds and certificated of participation is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.	(690,457)
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:	(34,502)
Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	(1,391,667)
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:	(7,121,106)
Amortization of debt issuance premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	241,484
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,900,103</b>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019**

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	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Private-Purpose Trust Fund</u>	<u>Payroll Clearing Fund</u>	<u>Student Body Fund</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,156,222	\$ 7,579,781	\$ 518,589
Stores inventory	-	-	15,728
<b>Total Assets</b>	<u>1,156,222</u>	<u>\$ 7,579,781</u>	<u>\$ 534,317</u>
<b>LIABILITIES</b>			
Accrued liabilities	-	\$ 7,579,781	-
Due to student groups	-	-	534,317
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 7,579,781</u>	<u>\$ 534,317</u>
<b>NET POSITION</b>			
Restricted	<u>1,156,222</u>		
<b>Total Net Position</b>	<u>\$ 1,156,222</u>		

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>Trust Funds</u> <u>Private-Purpose</u> <u>Trust Fund</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 19,928
Other	135,820
<b>Total Additions</b>	<u>155,748</u>
<b>DEDUCTIONS</b>	
Other trust activities	8,900
<b>Total Deductions</b>	<u>8,900</u>
<b>CHANGE IN NET POSITION</b>	146,848
<b>Net Position - Beginning</b>	1,009,374
<b>Net Position - Ending</b>	<u>\$ 1,156,222</u>

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

**MARYSVILLE JOINT UNIFIED 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 Marysville Joint Unified 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-12 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 determined the following represent component units:

The District and the Marysville Joint Unified School District Financing Corporation (the "Corporation") have a financial and operational relationship which meet the reporting entity definition criteria of *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Corporation as a blended component unit of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by GASB Statement No. 39 criteria:

**Accountability**

1. The Corporation's Board of Directors was appointed by the District's Board of Trustees.
2. The Corporation has no employees. The District's Assistant Superintendent of Business Services functions as the agent of the Corporation and does not receive additional compensation for work performed in this capacity.
3. The District's Board exercises significant influence over operations of the Corporation as the District is the sole lessee of all facilities owned by the Corporation.
4. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
5. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
6. The District's lease payments are the sole revenue source of the Corporation.
7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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

**B. Component Units (continued)**

**Scope of Public Service**

The Corporation was formed for the sole purpose of financially assisting the District. The Corporation was formed to provide financing assistance to the District for construction, rehabilitation and acquisition of major capital facilities to support the student population.

**Financial Presentation**

For financial presentation purposes, the Corporation's financial activity has been blended with the financial data of the District. The basic financial statements present the Corporation's financial activity within the Building Fund.

**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.

**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.



MARYSVILLE JOINT UNIFIED 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)

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.

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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:

**Charter Schools Special Revenue Fund:** This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**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*).

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

MARYSVILLE JOINT UNIFIED 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:** 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*).

**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.*).

**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.

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

MARYSVILLE JOINT UNIFIED 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)

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.

**Foundation Private-Purpose Trust Fund:** This fund is used to account separately for gifts or bequests per *Education Code Section 41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

**Payroll Clearing Fund:** This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to other agencies, and other contributions.

**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*).

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.

**MARYSVILLE JOINT UNIFIED 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)**

**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.

**Unearned Revenue**

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

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

**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.

**MARYSVILLE JOINT UNIFIED 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**

**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.

**Investments**

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

**Inventories**

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**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 \$15,000. 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 5-50 years depending on asset types.

**Interfund Balances**

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

**MARYSVILLE JOINT UNIFIED 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 – June 30, 2018

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**MARYSVILLE JOINT UNIFIED 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)**

**Premiums and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in 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.

MARYSVILLE JOINT UNIFIED 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.



**MARYSVILLE JOINT UNIFIED 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.

**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.

**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.

**MARYSVILLE JOINT UNIFIED 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. 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**

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Investment in county treasury*	\$ 69,394,354	\$ 8,736,003
Cash on hand and in banks	-	518,589
Cash with fiscal agent	894	-
Cash in revolving fund	31,910	-
<b>Total cash and investments</b>	<u>\$ 69,427,158</u>	<u>\$ 9,254,592</u>

\*net of deficit cash

**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 Yuba 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.

**Cash with Fiscal Agent** – The Cash with Fiscal Agent represents debt proceeds that have been set aside in the Debt Service Fund for the repayment of the Qualified Zone Academy Bond and other long-term liabilities. These amounts are held by a third-party custodian in the District’s name.

**MARYSVILLE JOINT UNIFIED 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 \$77,867,228 an amortized book value of \$78,130,357. The average weighted maturity for this pool is 231 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.

**MARYSVILLE JOINT UNIFIED 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 Yuba 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	<u>\$ 77,867,228</u>
<b>Total fair market value of investments</b>	<b><u>\$ 77,867,228</u></b>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	\$ 2,666,365	\$ -	\$ 1,712,610	\$ 4,378,975
State Government				
Categorical aid	486,835	-	433,412	920,247
Lottery	263,081	-	11,075	274,156
Local Government				
Other local sources	626,984	51,625	10,233	688,842
<b>Total</b>	<b>\$ 4,043,265</b>	<b>\$ 51,625</b>	<b>\$ 2,167,330</b>	<b>\$ 6,262,220</b>

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,581,576	\$ -	\$ -	\$ 7,581,576
Construction in progress	56,304,214	5,966,165	32,110,595	30,159,784
Total Capital Assets not Being Depreciated	63,885,790	5,966,165	32,110,595	37,741,360
Capital assets being depreciated				
Land improvements	39,893,973	-	-	39,893,973
Buildings & improvements	123,570,627	32,110,595	-	155,681,222
Furniture & equipment	12,887,045	709,033	-	13,596,078
Total Capital Assets Being Depreciated	176,351,645	32,819,628	-	209,171,273
Less Accumulated Depreciation				
Land improvements	8,815,367	1,386,433	-	10,201,800
Buildings & improvements	60,191,378	3,674,388	-	63,865,766
Furniture & equipment	9,470,985	642,574	-	10,113,559
Total Accumulated Depreciation	78,477,730	5,703,395	-	84,181,125
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 161,759,705</b>	<b>\$ 33,082,398</b>	<b>\$ 32,110,595</b>	<b>\$ 162,731,508</b>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 4 – CAPITAL ASSETS (continued)**

Depreciation expense had been allocated to governmental functions as follows:

Instruction	\$ 5,060,750
Home-to-school transportation	516,180
Food services	28,082
All other general administration	64,116
Centralized data processing	<u>34,267</u>
<b>Total</b>	<u><u>5,703,395</u></u>

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2019 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 399,592	\$ 399,592
Non-Major Governmental Funds	1,186,178	-	1,186,178
<b>Total Due From Other Funds</b>	<u>\$ 1,186,178</u>	<u>\$ 399,592</u>	<u>\$ 1,585,770</u>

General Fund due to the Charter School Fund to correct MCAA revenue in lieu of taxes.	\$ 32,413
General Fund due to the Cafeteria Fund for 4th quarter vehicle and oil reimbursement and warehouse PARS.	21,513
General Fund due to the Deferred Maintenance Fund to move expenditures to RRMA.	345,666
Charter School Fund due to the General Fund for indirect costs and Visa travel expenditures.	617,012
Child Development Fund due to the General Fund for indirect costs.	181,582
Cafeteria Fund due to the General Fund for indirect costs.	<u>387,584</u>
<b>Total</b>	<u><u>\$ 1,585,770</u></u>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 5 – INTERFUND TRANSACTIONS (continued)**

**B. Operating Transfers**

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

<u>Interfund Transfers Out</u>	<u>Interfund Transfers In</u>	
	<u>Building Fund</u>	<u>Total</u>
General Fund	\$ 29,732	\$ 29,732
<b>Total Interfund Transfers</b>	<b>\$ 29,732</b>	<b>\$ 29,732</b>
General Fund transfer to the Building Fund to pay for OPSC finding.		\$ 29,732
<b>Total</b>		<b>\$ 29,732</b>

**NOTE 6 – ACCRUED LIABILITIES**

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Total Governmental Activities</u>
Payroll	\$ 1,955,967	\$ -	\$ 283,152	\$ -	\$ 2,239,119
Construction	-	26,756	1,051,251	-	1,078,007
Vendors payable	3,102,591	-	564,005	-	3,666,596
Unmatured interest	-	-	-	1,811,344	1,811,344
LCFF payable	1,292,084	-	-	-	1,292,084
<b>Total</b>	<b>\$ 6,350,642</b>	<b>\$ 26,756</b>	<b>\$ 1,898,408</b>	<b>\$ 1,811,344</b>	<b>\$ 10,087,150</b>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 7 – UNEARNED REVENUE**

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

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal sources	\$ 301,524	\$ 14,755	\$ 316,279
State categorical sources	27,911	59,980	87,891
<b>Total</b>	<b>\$ 329,435</b>	<b>\$ 74,735</b>	<b>\$ 404,170</b>

**NOTE 8 – LONG-TERM LIABILITIES**

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

	<b>Balance July 01, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2019</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 64,838,777	\$ 12,565,745	\$ 1,820,000	\$ 75,584,522	\$ 1,220,000
Unamortized premium	3,471,121	123,159	241,484	3,352,796	246,410
Accreted interest	3,198,481	112,889	908,988	2,402,382	-
Total general obligation bonds	71,508,379	12,801,793	2,970,472	81,339,700	1,466,410
Certificates of participation	20,406,099	-	2,030,000	18,376,099	-
Accreted interest	7,214,945	1,486,556	-	8,701,501	-
Total certificates of participation	27,621,044	1,486,556	2,030,000	27,077,600	-
Capital leases	385,790	-	155,512	230,278	229,482
Compensated absences	597,760	34,502	-	632,262	-
Total OPEB liability	17,488,679	509,750	-	17,998,429	-
Net pension liability	105,929,515	8,874,801	-	114,804,316	-
<b>Total</b>	<b>\$ 223,531,167</b>	<b>\$ 23,707,402</b>	<b>\$ 5,155,984</b>	<b>\$ 242,082,585</b>	<b>\$ 1,695,892</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund and Debt Service Fund for Blended Component Units.
- Payments on certificates of participation are made in the Capital Facilities Fund.
- Payments for capital lease obligations are made in the General Fund.
- Payments for compensated absences are typically made from the fund for which the related employee worked.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2019 amounted to \$632,262. This amount is included as part of long-term liabilities in the government-wide financial statements.



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**B. Certificates of Participation**

On July 1, 2012, the District issued \$18,376,099 in Certificates of Participation for the purpose of implementing the District's 2012 capital projects and refunding \$12,275,000 of the District's 2006 Certificates of Participation. The District is required to make lease payments of principal and interest in conjunction with these Certificates of Participation. Semi-annual principal and interest payments are due each June and December 1, beginning in 2023 and ending in June 2042. Interest rates range from 6.29% to 6.31%. Scheduled payments for the 2012 COPs are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	585,799	585,799
2023	1,648,403	1,224,824	2,873,227
2024	1,541,948	1,329,940	2,871,888
2025 - 2029	6,306,983	7,999,601	14,306,584
2030 - 2034	4,394,573	9,856,698	14,251,271
2035 - 2039	3,071,119	11,124,188	14,195,307
2040 - 2042	1,413,073	5,887,851	7,300,924
Accretion	8,701,501	(8,701,501)	-
Total	\$ 27,077,600	\$ 29,307,400	\$ 56,385,000

**C. General Obligation Bonds**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding July 01, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2019</u>
11/13/2014	8/1/2033	3.0 - 5.0%	\$ 33,490,000	\$ 31,360,000	\$ -	\$ 840,000	\$ 30,520,000
8/5/2009	8/1/2036	5.0 - 5.5%	34,433,777	5,473,777	-	730,000	4,743,777
10/25/2016	8/1/2034	3.0 - 5.0%	28,515,000	28,005,000	-	250,000	27,755,000
10/30/2018	8/1/2041	3.0 - 5.0%	12,565,745	-	12,565,745	-	12,565,745
				\$ 64,838,777	\$ 12,565,745	\$ 1,820,000	\$ 75,584,522

On November 13, 2014, the District issued \$33,490,000 of General Obligation Bonds to refund the 2008 and 2006 General Obligation Bonds. The bonds mature serially in varying amounts during the succeeding years through August 2033, with interest rates ranging from 3.0% through 5.0%. Scheduled payments for the 2014 Refunding Bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 960,000	\$ 1,190,838	\$ 2,150,838
2021	1,080,000	1,144,638	2,224,638
2022	1,210,000	1,087,388	2,297,388
2023	1,340,000	1,023,638	2,363,638
2024	1,490,000	952,888	2,442,888
2025 - 2029	10,000,000	3,483,137	13,483,137
2030 - 2034	14,440,000	1,213,306	15,653,306
Total	\$ 30,520,000	\$ 10,095,833	\$ 40,615,833

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

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

On August 5, 2009, the District issued \$34,433,777 of General Obligation Bonds to raise money for authorized school purposes. The bonds mature serially in varying amounts during the succeeding years through August 2036, with interest rates ranging from 5.0% through 5.5%. Scheduled payments for the 2009 General Obligation Bonds, excluding accreted interest are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ -	\$ -
2021	860,000	1,412,756	2,272,756
2022	-	-	-
2023	-	-	-
2024	213,718	541,282	755,000
2025 - 2029	2,275,295	4,289,705	6,565,000
2030 - 2034	-	-	-
2034 - 2037	1,394,764	7,700,236	9,095,000
<b>Total</b>	<b>\$ 4,743,777</b>	<b>\$ 13,943,979</b>	<b>\$ 18,687,756</b>

On October 25, 2016, the District issued \$28,515,000 of General Obligation Bonds to refund a portion of the 2009 current interest General Obligation Bonds. The bonds mature serially in varying amounts during the succeeding years through August 2034, with interest rates ranging from 3.0% through 5.0%. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred charges on refunding of \$3,334,692 remain to be amortized. This refunding reduced total debt service payments by \$1,021,174. Scheduled payments for the 2016 Refunding Bonds are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 260,000	\$ 963,500	\$ 1,223,500
2021	1,165,000	930,475	2,095,475
2022	1,320,000	868,350	2,188,350
2023	795,000	819,450	1,614,450
2024	290,000	797,750	1,087,750
2025 - 2029	5,330,000	3,658,150	8,988,150
2030 - 2034	14,880,000	4,781,700	19,661,700
2035	3,715,000	55,725	3,770,725
<b>Total</b>	<b>\$ 27,755,000</b>	<b>\$ 12,875,100</b>	<b>\$ 40,630,100</b>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

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

On October 30, 2018, the District issued \$12,565,745 of General Obligation Bonds to raise money for authorized school purposes. The bonds mature serially in varying amounts during the succeeding years through August 2041, with interest rates ranging from 3.0% through 5.0%. Scheduled payments for the Series 2018 General Obligation Bonds, excluding accreted interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 19,275	\$ 19,275
2021	200,000	27,000	227,000
2022	205,000	17,000	222,000
2023	120,000	6,750	126,750
2024	25,000	750	25,750
2025 - 2029	213,267	81,733	295,000
2030 - 2034	137,537	72,463	210,000
2035 - 2039	7,373,212	9,056,787	16,429,999
2040 - 2042	4,291,729	6,928,271	11,220,000
Total	<u>\$ 12,565,745</u>	<u>\$ 16,210,029</u>	<u>\$ 28,775,774</u>

**D. Capital Leases**

In February 2010, the District entered into a capital lease purchase agreement with Capital One Bank, for \$1,535,000 to finance the purchase of District school buses. The District is required to make lease payments of principal and interest in conjunction with these capital leases through 2020. Scheduled payments for the related capital lease are as follows:

<u>Year Ended June 30,</u>	<u>Lease Payment</u>
2020	\$ 231,870
Total minimum lease payments	231,870
Less amount representing interest	(1,592)
Present value of minimum lease payments	<u>\$ 230,278</u>

**E. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$17,488,679 and increased by \$509,750 during the year ended June 30, 2019. The ending total OPEB liability at June 30, 2019 was \$17,998,429. See Note 10 for additional information regarding the total OPEB liability.

**F. Net Pension Liability**

The District's beginning net pension liability was \$105,929,515 and increased by \$8,874,801 during the year ended June 30, 2019. The ending net pension liability at June 30, 2019 was \$114,804,316. See Note 11 for additional information regarding the net pension liability.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

**NOTE 9 – FUND BALANCES**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 30,000	\$ -	\$ 1,910	\$ 31,910
Stores inventory	230,616	-	155,935	386,551
Total non-spendable	<u>260,616</u>	<u>-</u>	<u>157,845</u>	<u>418,461</u>
Restricted				
Educational programs	4,415,947	-	1,480,929	5,896,876
Capital projects	-	12,623,677	4,952,918	17,576,595
Debt service	-	-	7,856,475	7,856,475
All others	-	-	2,779,202	2,779,202
Total restricted	<u>4,415,947</u>	<u>12,623,677</u>	<u>17,069,524</u>	<u>34,109,148</u>
Committed				
Other commitments	2,715,549	-	-	2,715,549
Total committed	<u>2,715,549</u>	<u>-</u>	<u>-</u>	<u>2,715,549</u>
Assigned				
Target allocation	1,523,910	-	-	1,523,910
Facilities projects	4,295,205	-	-	4,295,205
Site discretionary carryover	582,490	-	-	582,490
Other assignments	2,962,179	-	-	2,962,179
Total assigned	<u>9,363,784</u>	<u>-</u>	<u>-</u>	<u>9,363,784</u>
Unassigned				
Reserve for economic uncertainties	3,733,467	-	-	3,733,467
Remaining unassigned	17,055,544	-	-	17,055,544
Total unassigned	<u>20,789,011</u>	<u>-</u>	<u>-</u>	<u>20,789,011</u>
<b>Total</b>	<u>\$ 37,544,907</u>	<u>\$ 12,623,677</u>	<u>\$ 17,227,369</u>	<u>\$ 67,395,953</u>

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. At June 30, 2019, the District has not established a minimum fund balance policy, nor has it established a stabilization arrangement.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Marysville Joint Unified School District’s defined benefit OPEB plan, Marysville Joint Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**B. Benefits Provided**

The eligibility requirements and benefits provided by the Plan are as follows:

	<u>Certificated</u>	<u>Management</u>	<u>Operating Engineers</u>	<u>Supervisors</u>
Benefit types provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits	To age 65	To age 65	To age 65	To age 65
Required Service	15 years	15 years	25 years	20 years
Minimum Age	55	55	55	55
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	\$1,095 per month	None	Active Cap	Active Cap

**C. Contributions**

The contribution requirements of Plan members and the Marysville Joint Unified School District are established and may be amended by the Marysville Joint Unified School District and the Marysville Teachers’ Association and the local California Service Employees Association. For fiscal year 2018-19, the District contributed \$978,474 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

Inactive employees receiving benefits	<u>49</u>
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>771</u>
<b>Total number of participants**</b>	<b><u>820</u></b>

\*Information not provided

\*\*As of the June 30, 2017 valuation date

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**E. Total OPEB Liability**

The Marysville Joint Unified School District's total OPEB liability of \$17,998,429 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**Economic assumptions:**

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	3.80%
Healthcare cost trend rates	4.00%

**Non-economic assumptions:**

*Mortality:*

Certificated	2009 CalSTRS Mortality Table
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees Table

*Retirement rates:*

Certificated	2009 CalSTRS Retirement Rates Table
Classified	Hired before 2013: 2009 CalPERS Retirement Rates for School Employees Hired after 2012: 2009 CalPERS 2%@60 Retirement Rates for Miscellaneous Employees adjusted to reflect minimum retirement age of 52

*Service requirement:*

Certificated	100% at 15 years of service
Classified Management	100% at 15 years of service
Operating Engineers	100% at 25 years of service
Supervisors	100% at 20 years of service

The actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2018.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Changes in Total OPEB Liability**

	<u>June 30, 2019</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,236,895
Interest on total OPEB liability	669,480
Changes of assumptions	(418,151)
Benefits payments	<u>(978,474)</u>
Net change in total OPEB liability	509,750
Total OPEB liability - beginning	<u>17,488,679</u>
Total OPEB liability - ending	<u>\$ 17,998,429</u>
Covered-employee payroll	\$ 71,268,210
District's total OPEB liability as a percentage of covered-employee payroll	25%

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

The following presents the total OPEB liability of the Marysville Joint Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.8 percent) or one percentage point higher (4.8 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(2.8%)</b>	<b>(3.8%)</b>	<b>(4.8%)</b>
Total OPEB liability	<u>\$ 19,276,337</u>	<u>\$ 17,998,429</u>	<u>\$ 16,780,378</u>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the Marysville Joint Unified School District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.0 percent) or one percentage point higher (5.0 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (3.0%)</b>	<b>Valuation Trend Rate (4.0%)</b>	<b>1% Increase (5.0%)</b>
Total OPEB liability	\$ 17,349,288	\$ 17,998,429	\$ 18,674,719

**J. OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the Marysville Joint Unified School District recognized OPEB expense of \$526,532. At June 30, 2019, the Marysville Joint Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ -	\$ 392,016
District contributions subsequent to the measurement date	885,981	-
	<u>\$ 885,981</u>	<u>\$ 392,016</u>

The \$885,981 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Inflows of Resources</b>
2020	\$ 26,135
2021	26,135
2022	26,135
2023	26,135
2024	26,135
Thereafter	261,341
	<u>\$ 392,016</u>



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2019**

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**NOTE 11 – 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:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 76,732,876	\$ 23,877,493	\$ 4,069,287	\$ 9,798,438
PERS Pension	38,071,440	10,717,563	-	8,192,216
<b>Total</b>	<u>\$ 114,804,316</u>	<u>\$ 34,595,056</u>	<u>\$ 4,069,287</u>	<u>\$ 17,990,654</u>

**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.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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 \$7,222,093 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 \$7,004,191 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	\$ 76,732,876
State's proportionate share of the net pension liability associated with the District	43,933,376
Total	<u>\$ 120,666,252</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 0.083 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2017.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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 \$9,798,438. In addition, the District recognized pension expense and revenue of \$1,498,114 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	\$ -	\$ 2,954,700
Differences between expected and actual experience	237,946	1,114,587
Changes in assumptions	11,920,242	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,497,212	-
District contributions subsequent to the measurement date	<u>7,222,093</u>	<u>-</u>
	<u>\$ 23,877,493</u>	<u>\$ 4,069,287</u>

The \$7,222,093 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	\$ 3,212,492	\$ (331,044)
2021	3,212,492	778,159
2022	3,212,494	2,793,704
2023	3,204,592	805,647
2024	3,164,987	11,410
2025	648,343	11,411
	<u>\$ 16,655,400</u>	<u>\$ 4,069,287</u>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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%
	100%	

\*20-year geometric average

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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	\$ 112,404,684	\$ 76,732,876	\$ 47,157,486

**Pension Plan Fiduciary Net Position**

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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 \$3,647,455 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 \$1,292,087 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 \$38,071,440 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 0.143 percent, which did not change from its proportion measured as of June 30, 2017.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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 \$8,192,216. 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	\$ 312,271	\$ -
Differences between expected and actual experience	2,495,824	-
Changes in assumptions	3,801,265	-
Changes in proportion and differences between District contributions and proportionate share of contributions	460,748	-
District contributions subsequent to the measurement date	3,647,455	-
	<u>\$ 10,717,563</u>	<u>\$ -</u>

The \$3,647,455 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	\$ 4,373,500	\$ -
2021	2,957,134	-
2022	(35,812)	-
2023	(224,714)	-
	<u>\$ 7,070,108</u>	<u>\$ -</u>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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.



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 11 – 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%
	100.0%		

\*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	\$ 55,430,196	\$ 38,071,440	\$ 23,669,867

**Pension Plan Fiduciary Net Position**

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

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 12 – 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 outstanding commitments with respect to unfinished capital projects as follows in the amount of \$2,121,048.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in two joint ventures under joint powers authorities (JPAs), Schools Insurance Group for workers' compensation and Northern California Schools Insurance Group for property and liability. 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.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2019**

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**NOTE 14 – DEFERRED AMOUNT ON REFUNDING**

**A. 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 11. At June 30, 2019, total deferred outflows related to pensions was \$34,595,056 and total deferred inflows related to pensions was \$4,069,287.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2019, total deferred outflows related to postemployment benefits was \$885,981 and total deferred inflows related to pensions was \$392,016.

**C. 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 \$5,064,970.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 99,849,118	\$ 99,849,118	\$ 100,328,254	\$ 479,136
Federal sources	6,980,949	6,980,949	7,424,972	444,023
Other state sources	10,358,393	10,358,393	11,143,127	784,734
Other local sources	3,917,146	3,917,146	4,928,851	1,011,705
<b>Total Revenues</b>	<b>121,105,606</b>	<b>121,105,606</b>	<b>123,825,204</b>	<b>2,719,598</b>
<b>EXPENDITURES</b>				
Certificated salaries	46,508,937	46,508,937	45,110,144	1,398,793
Classified salaries	17,813,729	17,813,729	19,544,617	(1,730,888)
Employee benefits	26,876,247	26,876,247	27,387,258	(511,011)
Books and supplies	7,494,855	7,494,855	5,961,497	1,533,358
Services and other operating expenditures	10,970,022	10,970,022	12,989,461	(2,019,439)
Capital outlay	2,344,372	2,344,372	3,386,103	(1,041,731)
Other outgo				
Excluding transfers of indirect costs	5,157,412	5,157,412	6,817,978	(1,660,566)
Transfers of indirect costs	(1,151,883)	(1,151,883)	(1,164,123)	12,240
<b>Total Expenditures</b>	<b>116,013,691</b>	<b>116,013,691</b>	<b>120,032,935</b>	<b>(4,019,244)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,091,915</b>	<b>5,091,915</b>	<b>3,792,269</b>	<b>(1,299,646)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,000,000)	(1,000,000)	(2,984,676)	(1,984,676)
<b>Net Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(2,984,676)</b>	<b>(1,984,676)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,091,915</b>	<b>4,091,915</b>	<b>807,593</b>	<b>(3,284,322)</b>
<b>Fund Balance - Beginning</b>	<b>33,775,134</b>	<b>33,775,135</b>	<b>33,775,135</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 37,867,049</b>	<b>\$ 37,867,050</b>	<b>\$ 34,582,728</b>	<b>\$ (3,284,322)</b>

\*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 Special Reserve Fund for Other Than Capital Outlay in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- On-behalf payments of \$4,624,491 were recorded for a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2019**

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	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,236,895	\$ 1,203,791
Interest on total OPEB liability	669,480	586,399
Changes of assumptions	(418,151)	-
Benefits payments	<u>(978,474)</u>	<u>(940,840)</u>
Net change in total OPEB liability	509,750	849,350
Total OPEB liability - beginning	<u>17,488,679</u>	<u>16,639,329</u>
Total OPEB liability - ending	<u>\$ 17,998,429</u>	<u>\$ 17,488,679</u>
Covered-employee payroll	\$ 71,268,210	\$ 69,494,314
District's total OPEB liability as a percentage of covered-employee payroll	25.3%	25.2%

**MARYSVILLE JOINT UNIFIED 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	0.083%	0.078%	0.077%	0.077%	0.077%
District's proportionate share of the net pension liability	\$ 76,732,876	\$ 71,904,335	\$ 62,312,770	\$ 51,680,120	\$ 44,833,000
State's proportionate share of the net pension liability associated with the District	43,933,376	42,538,344	35,478,771	27,333,013	27,024,105
Total	<u>\$ 120,666,252</u>	<u>\$ 114,442,679</u>	<u>\$ 97,791,541</u>	<u>\$ 79,013,133</u>	<u>\$ 71,857,105</u>
District's covered payroll	\$ 44,725,866	\$ 41,270,884	\$ 39,016,539	\$ 34,171,000	\$ 34,148,594
District's proportionate share of the net pension liability as a percentage of its covered payroll	171.6%	174.2%	159.7%	151.2%	131.3%
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.

**MARYSVILLE JOINT UNIFIED 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	0.143%	0.143%	0.142%	0.140%	0.140%
District's proportionate share of the net pension liability	\$ 38,071,440	\$ 34,025,180	\$ 28,025,720	\$ 20,612,719	\$ 15,794,000
District's covered payroll	\$ 18,897,093	\$ 17,892,333	\$ 17,031,702	\$ 14,605,000	\$ 14,671,945
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.5%	190.2%	164.6%	141.1%	107.6%
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.



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
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	\$ 7,222,093	\$ 6,398,459	\$ 5,225,026	\$ 4,177,960	\$ 3,173,951
Contributions in relation to the contractually required contribution*	(7,222,093)	(6,398,459)	(5,225,026)	(4,177,960)	(3,173,951)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 44,824,151	\$ 44,725,866	\$ 41,270,884	\$ 39,016,539	\$ 34,171,000
Contributions as a percentage of covered payroll	16.11%	14.31%	12.66%	10.71%	9.29%

\*Amounts do not include on-behalf contributions

**MARYSVILLE JOINT UNIFIED 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	\$ 3,647,455	\$ 2,930,228	\$ 2,521,676	\$ 2,018,745	\$ 1,816,275
Contributions in relation to the contractually required contribution*	(3,647,455)	(2,930,228)	(2,521,676)	(2,018,745)	(1,816,275)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,246,383	\$ 18,897,093	\$ 17,892,333	\$ 17,031,702	\$ 14,065,000
Contributions as a percentage of covered payroll	18.02%	15.51%	14.09%	11.85%	12.91%

\*Amounts do not include on-behalf contributions

**MARYSVILLE JOINT UNIFIED 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 Changes in Total OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The discount rate was increased from 3.5% to 3.8% since the previous measurement.

**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.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2019**

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

For the year ended June 30, 2019, the District incurred an 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			
Classified salaries	\$ 17,813,729	\$ 19,544,617	\$ 1,730,888
Employee benefits	\$ 26,876,247	\$ 27,387,258	\$ 511,011
Services and other operating expenditures	\$ 10,970,022	\$ 12,989,461	\$ 2,019,439
Capital outlay	\$ 2,344,372	\$ 3,386,103	\$ 1,041,731
Other outgo			
Excluding transfers of indirect costs	\$ 5,157,412	\$ 6,817,978	\$ 1,660,566

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## **SUPPLEMENTARY INFORMATION**

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**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 4,262,335
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	390,191
Title III			
Title III, English Learner Student Program	84.365	14346	357,669
Title III, Immigrant Education Program	84.365	15146	5,756
Subtotal Title III			<u>363,425</u>
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,625,942
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	111,338
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	5,209
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	10,964
Subtotal Special Education Cluster			<u>1,753,453</u>
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	110,358
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	25,000
Indian Education	84.060	10011	319,617
<b>Total U. S. Department of Education</b>			<u><u>7,224,379</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	279,957
School Breakfast Program - Needy	10.553	13526	1,556,622
National School Lunch Program	10.555	13391	4,490,767
USDA Commodities	10.555	*	444,801
Summer Food Service Program for Children	10.559	13004	72,765
Subtotal Child Nutrition Cluster			<u>6,844,912</u>
CACFP Claims - Centers and Family Day Care	10.558	13393	503,192
Forest Reserve Funds	10.665	10044	15,052
Equipment Assistance Grants	10.574	15332	8,225
<b>Total U. S. Department of Agriculture</b>			<u><u>7,371,381</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Federal Alternative Payment, STAGE 2 (Contract Prefix C2AP)	93.575	13880	74,637
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	155,349
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>229,986</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 14,825,746</u></u>

\* - Pass-Through Entity Identifying Number not available or not applicable

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<b>Certificate No. 1320F87B</b>	<b>Certificate No. ACB5FF1E</b>
<b>SCHOOL DISTRICT</b>		
TK/K through Third		
Regular ADA	3,261.99	3,265.00
Total TK/K through Third	<u>3,261.99</u>	<u>3,265.00</u>
Fourth through Sixth		
Regular ADA	2,247.27	2,249.35
Special Education - Nonpublic Schools	3.00	4.00
Extended Year Special Education - Nonpublic Schools	0.35	0.35
Total Fourth through Sixth	<u>2,250.62</u>	<u>2,253.70</u>
Seventh through Eighth		
Regular ADA	1,295.47	1,292.07
Special Education - Nonpublic Schools	2.96	2.94
Extended Year Special Education - Nonpublic Schools	0.26	0.26
Total Seventh through Eighth	<u>1,298.69</u>	<u>1,295.27</u>
Ninth through Twelfth		
Regular ADA	2,221.73	2,199.00
Special Education - Nonpublic Schools	4.95	5.73
Extended Year Special Education - Nonpublic Schools	0.30	0.30
Community Day School	55.34	53.18
Total Ninth through Twelfth	<u>2,282.32</u>	<u>2,258.21</u>
TOTAL SCHOOL DISTRICT	<u>9,093.62</u>	<u>9,072.18</u>
	<b>Second Period Report</b>	<b>Annual Report</b>
	<b>Certificate No. FD758028</b>	<b>Certificate No. 48396686</b>
<b>CHARTER SCHOOL</b>		
Seventh through Eighth		
Regular ADA	145.70	144.85
Total Seventh through Eighth	<u>145.70</u>	<u>144.85</u>
Ninth through Twelfth		
Regular ADA	241.88	240.71
Total Ninth through Twelfth	<u>241.88</u>	<u>240.71</u>
TOTAL CHARTER SCHOOL	<u>387.58</u>	<u>385.56</u>
<b>CLASSROOM-BASED CHARTER SCHOOL</b>		
Classroom-based Seventh through Eighth		
Regular ADA	144.68	143.67
Total Classroom-based Seventh through Eighth	<u>144.68</u>	<u>143.67</u>
Classroom-based Ninth through Twelfth		
Regular ADA	240.50	239.21
Total Classroom-based Ninth through Twelfth	<u>240.50</u>	<u>239.21</u>
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>385.18</u>	<u>382.88</u>

See accompanying note to supplementary information.

**MARYSVILLE JOINT UNIFIED 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	37,800	180	Complied
Grade 1	50,400	51,550	180	Complied
Grade 2	50,400	51,550	180	Complied
Grade 3	50,400	51,550	180	Complied
Grade 4	54,000	55,150	180	Complied
Grade 5	54,000	55,150	180	Complied
Grade 6	54,000	60,950	180	Complied
Grade 7	54,000	60,950	180	Complied
Grade 8	54,000	60,950	180	Complied
Grade 9	64,800	64,980	180	Complied
Grade 10	64,800	64,980	180	Complied
Grade 11	64,800	64,980	180	Complied
Grade 12	64,800	64,980	180	Complied

**Marysville Charter Academy for the Arts**

<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2018-19 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Grade 7	54,000	64,922	180	Complied
Grade 8	54,000	64,922	180	Complied
Grade 9	64,800	64,922	180	Complied
Grade 10	64,800	64,922	180	Complied
Grade 11	64,800	64,922	180	Complied
Grade 12	64,800	64,922	180	Complied



**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2020 (Budget)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 123,457,003	\$ 123,825,204	\$ 113,398,900	\$ 111,671,474
Expenditures And Other Financing Uses	124,232,068	123,017,611	111,309,961	106,273,003
Net change in Fund Balance	<u>\$ (775,065)</u>	<u>\$ 807,593</u>	<u>\$ 2,088,939</u>	<u>\$ 5,398,471</u>
Ending Fund Balance	<u>\$ 33,807,663</u>	<u>\$ 34,582,728</u>	<u>\$ 31,059,586</u>	<u>\$ 28,970,647</u>
Available Reserves*	<u>\$ 22,993,297</u>	<u>\$ 20,789,011</u>	<u>\$ 21,600,388</u>	<u>\$ 17,808,491</u>
Available Reserves As A Percentage Of Outgo	<u>18.51%</u>	<u>16.90%</u>	<u>19.41%</u>	<u>16.76%</u>
Long-term Liabilities	<u>\$ 240,386,693</u>	<u>\$ 242,082,585</u>	<u>\$ 223,531,167</u>	<u>\$ 207,748,854</u>
Average Daily Attendance At P-2	<u>9,236</u>	<u>9,094</u>	<u>9,019</u>	<u>8,962</u>

The General Fund balance has increased by \$5,612,081 over the past two years. The fiscal year 2019-20 budget projects a decrease of \$775,065. For a District this size, the State recommends available reserves of at least 3% 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 \$34,333,731 over the past two years.

Average daily attendance has increased by 132 ADA over the past two years. An increase of 143 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 Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, on-behalf payments of \$4,624,491 were recorded for a supplemental contribution for fiscal year 2019 due to California Senate Bill No. 90.

**MARYSVILLE JOINT UNIFIED 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>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2019, annual financial and budget report fund balance	\$ 34,582,728	\$ 2,962,179
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	2,962,179	(2,962,179)
Net adjustments and reclassifications	<u>2,962,179</u>	<u>(2,962,179)</u>
June 30, 2019, audited financial statement fund balance	<u>\$ 37,544,907</u>	<u>\$ -</u>

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2019**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
0306	Marysville Charter Academy for the Arts	Active	Yes
1182	Paragon Collegiate Academt	Active	No

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Charter Schools Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
<b>ASSETS</b>									
Cash and investments	\$ 1,924,459	\$ 451,346	\$ -	\$ 1,561,199	\$ 5,853,241	\$ 150,928	\$ 4,885,370	\$ 2,971,105	\$ 17,797,648
Accounts receivable	28,878	368,245	1,770,207	-	-	-	-	-	2,167,330
Due from other funds	32,413	-	21,513	345,666	-	-	-	-	399,592
Stores inventory	-	-	155,935	-	-	-	-	-	155,935
<b>Total Assets</b>	<b>\$ 1,985,750</b>	<b>\$ 819,591</b>	<b>\$ 1,947,655</b>	<b>\$ 1,906,865</b>	<b>\$ 5,853,241</b>	<b>\$ 150,928</b>	<b>\$ 4,885,370</b>	<b>\$ 2,971,105</b>	<b>\$ 20,520,505</b>
<b>LIABILITIES</b>									
Deficit cash	\$ -	\$ -	\$ 133,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,815
Accrued liabilities	291,468	174,370	266,588	114,731	1,051,251	-	-	-	1,898,408
Due to other funds	617,012	181,582	387,584	-	-	-	-	-	1,186,178
Unearned revenue	12,093	47,887	14,755	-	-	-	-	-	74,735
<b>Total Liabilities</b>	<b>920,573</b>	<b>403,839</b>	<b>802,742</b>	<b>114,731</b>	<b>1,051,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,293,136</b>
<b>FUND BALANCES</b>									
Non-spendable	-	-	157,845	-	-	-	-	-	157,845
Restricted	1,065,177	415,752	987,068	1,792,134	4,801,990	150,928	4,885,370	2,971,105	17,069,524
<b>Total Fund Balances</b>	<b>1,065,177</b>	<b>415,752</b>	<b>1,144,913</b>	<b>1,792,134</b>	<b>4,801,990</b>	<b>150,928</b>	<b>4,885,370</b>	<b>2,971,105</b>	<b>17,227,369</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,985,750</b>	<b>\$ 819,591</b>	<b>\$ 1,947,655</b>	<b>\$ 1,906,865</b>	<b>\$ 5,853,241</b>	<b>\$ 150,928</b>	<b>\$ 4,885,370</b>	<b>\$ 2,971,105</b>	<b>\$ 20,520,505</b>

See accompanying note to supplementary information.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Charter Schools Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
<b>REVENUES</b>									
LCFF sources	\$ 3,750,681	\$ -	\$ -	\$ 820,000	\$ -	\$ -	\$ -	\$ -	\$ 4,570,681
Federal sources	-	74,637	7,356,345	-	-	-	-	-	7,430,982
Other state sources	311,428	2,433,830	512,938	-	-	-	30,351	34,563	3,323,110
Other local sources	56,778	18,494	107,647	25,407	2,189,846	3,230	2,336,575	2,598,760	7,336,737
<b>Total Revenues</b>	<b>4,118,887</b>	<b>2,526,961</b>	<b>7,976,930</b>	<b>845,407</b>	<b>2,189,846</b>	<b>3,230</b>	<b>2,366,926</b>	<b>2,633,323</b>	<b>22,661,510</b>
<b>EXPENDITURES</b>									
Current									
Instruction	2,445,896	1,944,955	-	-	-	-	-	-	4,390,851
Instruction-related services									
Instructional supervision and administration	58	349,982	-	-	-	-	-	-	350,040
School site administration	364,365	32,513	-	-	-	-	-	-	396,878
Pupil services									
Food services	-	-	7,542,689	-	-	-	-	-	7,542,689
All other pupil services	202,997	-	-	-	-	-	-	-	202,997
General administration									
All other general administration	615,408	171,308	377,407	-	8,132	-	-	-	1,172,255
Plant services	82,640	622	2,359	-	-	-	-	-	85,621
Facilities acquisition and maintenance	168,860	-	-	82,312	1,234,165	-	-	-	1,485,337
Enterprise activities	-	-	3,621	-	-	-	-	-	3,621
Transfers to other agencies	193,216	-	-	-	-	-	-	-	193,216
Debt service									
Principal	-	-	-	-	-	-	840,000	980,000	1,820,000
Interest and other	-	-	-	-	3,295	-	1,226,838	1,044,300	2,274,433
<b>Total Expenditures</b>	<b>4,073,440</b>	<b>2,499,380</b>	<b>7,926,076</b>	<b>82,312</b>	<b>1,245,592</b>	<b>-</b>	<b>2,066,838</b>	<b>2,024,300</b>	<b>19,917,938</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>45,447</b>	<b>27,581</b>	<b>50,854</b>	<b>763,095</b>	<b>944,254</b>	<b>3,230</b>	<b>300,088</b>	<b>609,023</b>	<b>2,743,572</b>
<b>Other Financing Sources (Uses)</b>									
Other sources	-	-	-	-	200	-	-	-	200
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>45,447</b>	<b>27,581</b>	<b>50,854</b>	<b>763,095</b>	<b>944,454</b>	<b>3,230</b>	<b>300,088</b>	<b>609,023</b>	<b>2,743,772</b>
<b>Fund Balance - Beginning</b>	<b>1,019,730</b>	<b>388,171</b>	<b>1,094,059</b>	<b>1,029,039</b>	<b>3,857,536</b>	<b>147,698</b>	<b>4,585,282</b>	<b>2,362,082</b>	<b>14,483,597</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,065,177</b>	<b>\$ 415,752</b>	<b>\$ 1,144,913</b>	<b>\$ 1,792,134</b>	<b>\$ 4,801,990</b>	<b>\$ 150,928</b>	<b>\$ 4,885,370</b>	<b>\$ 2,971,105</b>	<b>\$ 17,227,369</b>

See accompanying note to supplementary information.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2019**

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Marysville Joint Unified School District was established in 1966. The District is a political subdivision of the State of California. The District currently operates 22 individual school sites. The District also operates Child Care/Preschool Programs in 9 locations, and Marysville Charter Academy of the Arts. There were no changes in District boundaries for the year.

**BOARD OF TRUSTEES**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Randy Rasmussen	President	December 2022
Frank Crawford	Vice President	December 2022
Jim Flurry	Trustee Representative	December 2020
Susan Scott	Clerk	December 2020
Paul Allison	Member	December 2020
Randy Davis	Member	December 2020
Jeff Boom	Member	December 2022

**DISTRICT ADMINISTRATORS**

Gary Cena  
*Superintendent/Secretary of the Board*

Ramiro Carreon  
*Assistant Superintendent Personnel Services*

Penny Lauseng  
*Assistant Superintendent Business Services*

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate for the year ended June 30, 2018.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2019 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2019.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 14,855,954
Medi-Cal Billing Option	93.778	<u>(30,208)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 14,825,746</u>

**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.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION, continued  
JUNE 30, 2019**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**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.

**Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the charter school is included in the District audit.

**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

Board of Trustees  
Marysville Joint Unified School District  
Marysville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marysville Joint Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Marysville Joint Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2019-001)

## **Compliance and Other Matters**

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

## **Marysville Joint Unified School District's Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 11, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Board of Trustees  
Marysville Joint Unified School District  
Marysville, California

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

We have audited Marysville Joint Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Marysville Joint Unified School District's major federal programs for the year ended June 30, 2019. Marysville Joint Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

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



San Diego, California  
December 11, 2019

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

Board of Trustees  
Marysville Joint Unified School District  
Marysville, California

**Report on State Compliance**

We have audited Marysville Joint Unified 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 by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Marysville Joint Unified 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 Marysville Joint Unified 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by 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 Marysville Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on State Compliance***

In our opinion, Marysville Joint Unified 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.

***Procedures Performed***

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

<b><u>PROGRAM NAME</u></b>	<b><u>PROCEDURES PERFORMED</u></b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
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	Yes
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 Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	No
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for charter schools because the nonclassroom-based ADA for the District's charter school was below the level that requires testing.



San Diego, California  
December 11, 2019



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

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**MARYSVILLE JOINT UNIFIED 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>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
<u>84.010</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>	
Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**MARYSVILLE JOINT UNIFIED 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

**FINDING #2019-001: CAPITAL ASSETS INVENTORY (20000)**

**Criteria:** District fixed asset policies require the capitalization and annual depreciation of capital assets with a current value of \$15,000. The District must maintain current, auditable asset listings to support the amount reported on the government-wide statement of net position. Physical inventory counts should be performed every two years to verify accuracy of asset listing and valuations. This inventory should include a current detail of construction projects in progress and their related costs, which will then be depreciated once the projects have been closed out and placed into service.

**Condition:** During our audit of the financial statements of the District, we determined that construction projects in progress had not been adequately tracked for purposes of recording depreciation. We noted that many projects had been recorded in the construction in progress worksheet but were not transferred into Escape Financial Software for purposes of tracking depreciation on the related projects had been completed and placed into service.

**Context:** Governmental Accounting Standards require property, plant and equipment to be inventoried and valued every two years for a District this size. For construction projects, this should be an ongoing process that tracks the related costs and begins depreciating the assets once they are placed into service.

**Effect:** Without completing regular updates of physical inventory and construction in progress listings, the District does not maintain adequate control over buildings, site improvements, and other assets as they relate to the government-wide financial statements and the related depreciation expenses.

**Repeat Finding:** Yes, see Finding #2018-001.

**Cause:** Based on inquiry, recent turnover in key positions within the Business Office has made it challenging to adequately track construction projects for purpose of preparing the related financial statements. In addition, current policies do not appear to require project inventory records to be maintained and updated contemporaneously.

**Recommendation:** We recommend the District implement procedures that ensure the capital asset listing is updated and verified by performing annual physical inventories. This process may require the assistance of an outside consulting firm. It may not be necessary to conduct the inventory each year for all sites within the District, however, the procedures should ensure that during a two-year cycle, all District sites have performed a physical inventory. Completed construction projects should begin recognizing depreciation expense in the fiscal year in which they are placed into service.

**Corrective Action Plan:** The District has implemented procedures that ensure the capital asset listing is updated on an annual basis and verified by performing annual physical inventories. This procedure includes recognizing depreciation expense in the fiscal year in which they are placed.

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

*There were no findings or questioned costs related to federal awards for the year ended June 30, 2019.*

**MARYSVILLE JOINT UNIFIED 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

*There were no findings or questioned costs related to state awards for the year ended June 30, 2019.*

**MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINDING #2018-001: CAPITAL ASSETS INVENTORY (20000)**

**Criteria:** District fixed asset policies require the capitalization and annual depreciation of capital assets with a current value of \$15,000. The District must maintain current, auditable asset listings to support the amount reported on the government-wide statement of net position. Physical inventory counts should be performed every two years to verify accuracy of asset listing and valuations. This inventory should include a current detail of construction projects in progress and their related costs, which will then be depreciated once the projects have been closed out and placed into service.

**Condition:** During our audit of the financial statements of the District, we determined that construction projects in progress had not been adequately tracked for purposes of recording depreciation. We noted that many projects had been recorded in the construction in progress worksheet, but were not transferred into Escape Financial Software for purposes of tracking depreciation on the related projects had been completed and placed into service.

**Context:** Governmental accounting standards require property, plant and equipment to be inventoried and valued every two years for a District this size. For construction projects, this should be an ongoing process that tracks the related costs and begins depreciating the assets once they are placed into service.

**Effect:** Without completing regular updates of physical inventory and construction in progress listings, the District does not maintain adequate control over buildings, site improvements, and other assets as they relate to the government-wide financial statements and the related depreciation expenses.

**Cause:** Based on inquiry, recent turnover in key positions within the Business Office has made it challenging to adequately track construction projects for purpose of preparing the related financial statements. In addition, current policies do not appear to require project inventory records to be maintained and updated contemporaneously.

**Recommendation:** We recommend the District implement procedures that ensure the capital asset listing is updated and verified by performing annual physical inventories. This process may require the assistance of an outside consulting firm. It may not be necessary to conduct the inventory each year for all sites within the District, however, the procedures should ensure that during a two-year cycle, all District sites have performed a physical inventory. Completed construction projects should begin recognizing depreciation expense in the fiscal year in which they are placed into service.

**Corrective Action Plan:** The District has implemented procedures that ensure the capital asset listing is updated on an annual basis and verified by performing annual physical inventories. This procedure includes recognizing depreciation expense in the fiscal year in which they are placed. The District is exploring a third-party vendor to assist in updating the capital asset listing.

**Implemented:** No, see Finding #2019-001.