Financial Statements
June 30, 2020

# San Ramon Valley Unified School District

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**Independent Auditor's Report**

To the Governing Board
San Ramon Valley Unified School District
San Ramon, California

**Report on the Financial Statements**
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.



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**Opinions**
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows 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 management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2021 on our consideration of San Ramon Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 San Ramon Valley 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 San Ramon Valley Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

San Ramon, California
April 26, 2021

This section of San Ramon Valley Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

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

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

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

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

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

The Primary unit of the government is the San Ramon Valley Unified School District. The District also has three blended component units, the San Ramon Valley Unified School District Financing Corporation, the San Ramon Valley Unified School District Educational Facilities Corporation and the San Ramon Valley Unified School District Joint Powers Financing Authority. Both the Financing Corporation and the Educational Facilities Corporation are inactive and have no assets or liabilities.

## REPORTING THE DISTRICT AS A WHOLE

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

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

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

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

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

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

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

## THE DISTRICT AS A TRUSTEE

### Reporting the Districts Fiduciary Responsibilities

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

## FINANCIAL HIGHLIGHTS

## THE DISTRICT AS A WHOLE

### Net Position

The District's net position was $375.5 million and $392.5 million for the fiscal years ended June 30, 2020 and 2019 respectively. Of this amount, $55.3 million and $49.9 million were restricted for the fiscal years ended June 30, 2020 and 2019, respectively. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

| | Governmental Activities | |
|---|---|---|
| | 2020 | 2019 |
| Assets | | |
| Current and other assets | $ 200,241,855 | $ 238,274,637 |
| Capital assets | 1,032,734,151 | 1,036,794,657 |
| Total assets | 1,232,976,006 | 1,275,069,294 |
| Deferred outflows of resources | 94,801,820 | 107,824,504 |
| Liabilities | | |
| Current liabilities | 17,149,685 | 27,644,640 |
| Long-term liabilities | 482,755,655 | 509,982,046 |
| Aggregate net pension liability | 342,173,644 | 360,567,932 |
| Other post employment benefits plan | 47,204,309 | 61,338,791 |
| Total liabilities | 889,283,293 | 959,533,409 |
| Deferred inflows of resources | 62,982,659 | 30,833,810 |
| Net Position | | |
| Net investment in capital assets | 621,222,721 | 529,102,689 |
| Restricted | 55,323,287 | 49,902,170 |
| Unrestricted | (301,034,134) | (186,525,280) |
| Total net position | $ 375,511,874 | $ 392,479,579 |

The $301.0 million deficit for unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

**Changes in Net Position**

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

**Table 2**

| | Governmental Activities | |
|---|---|---|
| | 2020 | 2019 |
| Revenues | | |
| Program revenues | | |
| Charges for services | $ 6,854,961 | $ 9,045,378 |
| Operating grants and contributions | 62,433,793 | 60,719,581 |
| Capital grants and contributions | 1,926,125 | 3,532,093 |
| General revenues | | |
| Federal and State aid not restricted | 94,499,725 | 101,626,691 |
| Property taxes | 239,530,547 | 223,829,613 |
| Other general revenues | 16,977,994 | 21,815,197 |
| Total revenues | 422,223,145 | 420,568,553 |
| Expenses | | |
| Instruction-related | 307,141,013 | 301,556,324 |
| Pupil services | 41,126,922 | 38,796,549 |
| Administration | 20,326,214 | 19,989,222 |
| Maintenance and operations | 45,807,310 | 45,281,115 |
| Other | 24,789,391 | 23,305,350 |
| Total expenses | 439,190,850 | 428,928,560 |
| Change in net position | $ (16,967,705) | $ (8,360,007) |

**Governmental Activities**

As reported in the Statement of Activities on page 16, the cost of all of our governmental activities were $439.2 million and $428.9 million for the fiscal years ended June 30, 2020 and 2019, respectively. The cost paid by those who benefited from the programs was $6.9 million. Grants and contributions subsidized certain programs in the amount of $64.3 million. We paid for the remaining "public benefit" portion of our governmental activities with $239.5 million in taxes, unrestricted Federal and State aid of $94.5 million and other revenues of $17.0 million for the fiscal year ended June 30, 2020.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's largest functions - instruction related, student support services, administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

| | Total Cost of Services | |
|---|---|---|
| | 2020 | 2019 |
| Instruction | $ 307,141,013 | $ 301,556,324 |
| Pupil services | 41,126,922 | 38,796,549 |
| Administration | 20,326,214 | 19,989,222 |
| Maintenance and operations | 45,807,310 | 45,281,115 |
| All other services | 24,789,391 | 23,305,350 |
| Total | $ 439,190,850 | $ 428,928,560 |

## THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $186.5 million, which is a decrease of $28.0 million from last year (Table 4).

**Table 4**

| | Balances and Activity | | | |
|---|---|---|---|---|
| Governmental Fund | June 30, 2019 | Revenues | Expenditures | June 30, 2020 |
| General | $ 56,991,546 | $ 365,465,244 | $ 362,572,093 | $ 59,884,697 |
| Cafeteria | 375,768 | 6,118,908 | 6,268,803 | 225,873 |
| Building | 97,802,416 | 4,509,280 | 33,677,943 | 68,633,753 |
| Capital Facilities | 8,279,481 | 1,482,054 | 2,195,204 | 7,566,331 |
| County School Facilities | - | 1,926,125 | 1,926,125 | - |
| Special Reserve Fund for Capital Outlay Projects | 17,401,687 | 4,033,521 | 7,077,831 | 14,357,377 |
| Bond Interest and Redemption | 33,680,806 | 42,733,083 | 40,583,600 | 35,830,289 |
| Total | $ 214,531,704 | $ 426,268,215 | $ 454,301,599 | $ 186,498,320 |

The primary reasons for these changes are:

The primary changes are:

- The fund balance in the General Fund increased $2.9 million. This was due to consolidations with the Special Reserve Funds.
- The Building Fund decreased $29.8 million. This was primarily due spending down the bond funds on the related projects.
- The Bond Interest and Redemption Fund increased $2.2 million to meet debt service needs.
- Our other funds decreased $3.9 million, primarily in the Special Reserve for Capital Outlay Fund due to capital project expenditures.

## General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2020.

(A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 78).

The District originally projected a decrease in general fund balance of $6.5 million. This was later revised to a decrease of $5.5 million which is the results of increased Special Education revenue and the addition of carry-over from the prior year (primarily local donations). Total revenues were also revised to include revenues not anticipated at the time of the original budget adoption (primarily local donations). In comparing the revised budget to the original adopted budget, revenue was $3.0 million higher, and expenditures were $9.0 million lower than originally budgeted. Additionally, Transfers Out were $3.7 million higher.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the District had $1,032.7 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of just under $2.2 million, or 0.3 percent, from last year (Table 5).

**Table 5**

| | Governmental Activities | |
|---|---|---|
| | 2020 | 2019 |
| Land and construction in progress | $ 475,867,483 | $ 464,570,438 |
| Buildings and improvements | 553,966,124 | 569,114,985 |
| Equipment | 2,900,544 | 3,109,234 |
| Total | $ 1,032,734,151 | $ 1,036,794,657 |

This year's additions included Classroom buildings, Landscape improvements and Modernization projects at San Ramon Valley High, Charlotte Wood Middle School. Golden View, Sycamore Valley, Vista Grande and Green Valley Elementary Schools. These capital projects are planned to continue in the 2020-21 year. We present more detailed information about our capital assets in Note 5 to the financial statements.

**Long-Term Liabilities**

At the end of this year, the District had $872.1 million in long-term liabilities outstanding versus $931.9 million last year, a decrease of 6.4 percent. Those long-term liabilities consisted of:

**Table 6**

| | Governmental Activities | |
|---|---|---|
| | 2020 | 2019 |
| Long-Term Liabilities | | |
| General obligation bonds | $ 426,630,000 | $ 448,665,000 |
| Ground lease | 11,023,273 | 11,852,287 |
| Certificates of participation | 11,715,000 | 13,335,000 |
| Capital leases | 25,608 | 141,503 |
| Total OPEB liability | 47,204,309 | 61,338,792 |
| Aggregate net pension liability | 342,173,644 | 360,567,932 |
| Other | 33,230,109 | 35,988,256 |
| Total | $ 872,133,608 | $ 932,116,761 |

The District's bond rating from Standard & Poor's is "AA+." The State limits the amount of general obligation debt that Districts can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $426.6 million is below this $1.301 million statutorily - imposed limit.

Other obligations include compensated absences payable, other post employment benefits, and bond premium. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

**Net Pension Liability (NPL)**

At year-end, the District has a net pension liability of $342,173,644 versus $360,567,932 last year, a decrease of $18.4 million, or 5 percent.

## SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-20 ARE NOTED BELOW:

This was the eleventh year the District used revenues from the parcel tax, originally passed in April 2009 and extended in May 2015 through the 2024-25 fiscal year, to fund teacher salaries and benefits. The tax is $144 per parcel and generates approximately $6.8 million in revenue for the 2019-20 school year and directly funds teacher salaries and benefits.

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

The 2019-20 school year marks the third school year in a row of year-over-year declining enrollment. The District expected to enroll at least 500 less students for 2019-20 compared to the 2016-17 school year, which was the last school year of enrollment growth in the District. The District relied heavily on enrollment growth during the last recession to soften the impacts of reduced or flat state funding. It is crucial the District consider enrollment when analyzing ongoing spending commitments and when developing multi-year projections. In addition, as the State of California has reached full Local Control Funding Formula (LCFF) implementation, annual increases in LCFF funding may only include cost of living adjustments (COLA) absent any modifications to LCFF going forward. Even without an economic downturn, LCFF COLAs fall short of covering expected increases in pension contributions to the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS), health and welfare premium increases, step and column salary increases, Special Education service increases, and increases in other expenses subject to inflationary pressures (utilities, etc.). The District will continue to carefully analyze and take into account all of these considerations when contemplating new ongoing or one-time spending commitments.

In considering the District Budget for the 2020-21 year, the District Board and management used the following criteria:

The key assumptions in our revenue projections were:

- LCFF full funding with no COLA.
- 9.53% unduplicated pupil count.
- $5,096,539 in LCFF Supplemental funding.
- Enrollment decline of 275 students compared to 2019-20 levels
- Special Education funding assumes an increase in the base rate to $625 with no COLA or proration factor.
- Mandated Cost Block Grant funding (K-8, $32, 9-12, $62)
- Lottery revenue of $153/ADA (unrestricted), $54/ADA (restricted)
- Student attendance rate of 96.85%. LCFF is calculated using the 2019-20 ADA amounts.
- The parcel tax provides the District with $6.85 million in revenue
- Federal Categorical funding remained primarily flat from 2019-20 amounts.

Certificated staffing expenditures are based on the following ratios which exclude SDC classes, Del Amigo Continuation School and Venture Independent Study

| | Staffing Ratio |
|---|---|
| Grades transition kindergarten through third | 24:1 (average) |
| Grades four and five | 30:1 |
| Grades six through eight | 28:1 |
| Grades nine through twelve | 27:1 |

The key assumptions in our expenditure forecast are:

- Health & Welfare insurance rates will not increase in the 2020-21 fiscal year.
- STRS employer rate of 16.15 (-.95%)
- PERS employer rate of 20.7% (+.979%)
- Maintaining Routine Restricted Maintenance to 3.0% of expenditures.
- The 3% Reserve for Economic Uncertainties is maintained. Local Control and Accountability Plan (LCAP) action plans are funded in accordance with the 2020-21 updated LCAP.

**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 Chief Business Officer at San Ramon Valley Unified School District, 699 Old Orchard Drive, Danville, California, 94526, or email gtreible@srvusd.net.

| | Governmental Activities |
|---|---|
| Assets | |
| Deposits and investments | $ 180,663,481 |
| Receivables | 18,880,138 |
| Prepaid items | 549,309 |
| Stores inventories | 148,927 |
| Capital assets, net of accumulated depreciation | 1,032,734,151 |
| Total assets | 1,232,976,006 |
| Deferred Outflows of Resources | |
| Deferred outflows of resources related to OPEB | 3,242,054 |
| Deferred outflows of resources related to pensions | 91,559,766 |
| Total deferred outflows of resources | 94,801,820 |
| Liabilities | |
| Accounts payable | 9,750,072 |
| Interest payable | 7,280,106 |
| Unearned revenue | 119,507 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions due within one year | 24,610,657 |
| Long-term liabilities other than OPEB and pensions due in more than one year | 458,144,998 |
| Total other postemployment benefits liabilities | 47,204,309 |
| Aggregage net pension liabilities | 342,173,644 |
| Total liabilities | 889,283,293 |
| Deferred Inflows of Resources | |
| Deferred inflows of resources related to OPEB | 22,223,504 |
| Deferred inflows of resources related to pensions | 40,759,155 |
| Total deferred inflows of resources | 62,982,659 |
| Net Position | |
| Net investment in capital assets | 621,222,721 |
| Restricted for | |
| Debt service | 28,550,183 |
| Capital projects | 13,811,427 |
| Educational programs | 12,811,677 |
| Other restrictions | 150,000 |
| Unrestricted | (301,034,134) |
| Total net position | $ 375,511,874 |

| Functions/Programs | Expenses | Program Revenues: Charges for Services and Sales | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| Governmental Activities | | | | | |
| Instruction | $ 260,308,524 | $ 1,915,950 | $ 36,628,855 | $ 1,926,125 | $ (219,837,594) |
| Instruction-related activities | | | | | |
| Supervision of instruction | 11,039,941 | 13,798 | 1,814,660 | - | (9,211,483) |
| Instructional library, media, and technology | 9,235,672 | 17,757 | 365,761 | - | (8,852,154) |
| School site administration | 26,556,876 | 16,099 | 1,197,722 | - | (25,343,055) |
| Pupil services | | | | | |
| Home-to-school transportation | 9,532,169 | 27,572 | 2,554,760 | - | (6,949,837) |
| Food services | 6,443,405 | 3,926,046 | 1,141,337 | - | (1,376,022) |
| All other pupil services | 25,151,348 | 33,396 | 5,279,293 | - | (19,838,659) |
| Administration | | | | | |
| Data processing | 4,066,668 | - | 15,770 | - | (4,050,898) |
| All other administration | 16,259,546 | 1,290 | 249,278 | - | (16,008,978) |
| Plant services | 45,807,310 | 127,775 | 2,222,438 | - | (43,457,097) |
| Facility acquisition and construction | - | - | - | - | - |
| Ancillary services | 4,341,359 | 32,288 | 546,236 | - | (3,762,835) |
| Community services | 1,199,496 | - | 85 | - | (1,199,411) |
| Interest on long-term liabilities | 17,006,595 | - | - | - | (17,006,595) |
| Other outgo | 2,241,941 | 742,990 | 10,417,598 | - | 8,918,647 |
| Total governmental activities | $ 439,190,850 | $ 6,854,961 | $ 62,433,793 | $ 1,926,125 | (367,975,971) |
| General Revenues and Subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 189,334,286 |
| Property taxes, levied for debt service | | | | | 42,387,155 |
| Taxes levied for other specific purposes | | | | | 7,809,106 |
| Federal and State aid not restricted to specific purposes | | | | | 94,499,725 |
| Interest and investment earnings | | | | | 1,297,011 |
| Interagency revenues | | | | | 121,133 |
| Miscellaneous | | | | | 15,559,850 |
| Subtotal, general revenues | | | | | 351,008,266 |
| Change in Net Position | | | | | (16,967,705) |
| Net Position, Beginning of Year | | | | | 392,479,579 |
| Net Position, End of Year | | | | | $ 375,511,874 |

| | General Fund | Building Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Deposits and investments | $ 48,502,137 | $ 70,969,303 | $ 35,790,433 | $ 21,754,024 | $ 177,015,897 |
| Receivables | 18,122,678 | 5,840 | 39,856 | 363,267 | 18,531,641 |
| Due from other funds | 259,495 | 203,726 | - | 1,280,217 | 1,743,438 |
| Prepaid expenditures | 549,309 | - | - | - | 549,309 |
| Stores inventories | 73,054 | - | - | 75,873 | 148,927 |
| Total assets | $ 67,506,673 | $ 71,178,869 | $ 35,830,289 | $ 23,473,381 | $ 197,989,212 |
| **Liabilities and Fund Balances** | | | | | |
| **Liabilities** | | | | | |
| Accounts payable | $ 5,030,253 | $ 2,544,768 | $ - | $ 1,218,029 | $ 8,793,050 |
| Due to other funds | 2,472,216 | 348 | - | 105,771 | 2,578,335 |
| Unearned revenue | 119,507 | - | - | - | 119,507 |
| Total liabilities | 7,621,976 | 2,545,116 | - | 1,323,800 | 11,490,892 |
| **Fund Balances** | | | | | |
| Nonspendable | 777,263 | - | - | 75,873 | 853,136 |
| Restricted | 12,811,677 | 68,633,753 | 35,830,289 | 13,961,427 | 131,237,146 |
| Committed | - | - | - | 8,112,281 | 8,112,281 |
| Assigned | 35,061,010 | - | - | - | 35,061,010 |
| Unassigned | 11,234,747 | - | - | - | 11,234,747 |
| Total fund balances | 59,884,697 | 68,633,753 | 35,830,289 | 22,149,581 | 186,498,320 |
| Total liabilities and fund balances | $ 67,506,673 | $ 71,178,869 | $ 35,830,289 | $ 23,473,381 | $ 197,989,212 |

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Total fund balance - governmental funds | | $ 186,498,320 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| The cost of capital assets is | $1,528,229,823 | |
| Accumulated depreciation is | (495,495,672) | |
| | | 1,032,734,151 |
| In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred. | | (7,280,106) |
| An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. | | 3,873,956 |
| Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to | | |
| Other postemployment benefits | 3,242,054 | |
| Net pension obligation | 91,559,766 | |
| | | 94,801,820 |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to | | |
| Other postemployment benefits | (22,223,504) | |
| Net pension obligation | (40,759,155) | |
| | | (62,982,659) |
| Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (342,173,644) |
| The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (47,204,309) |

| | | |
|---|---|---|
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | | |
| Long-term liabilities at year-end consist of | | |
| General obligation bonds | $ (426,630,000) | |
| Capital leases payable | (11,180,546) | |
| Lease Revenue Bonds | (11,715,000) | |
| Compensated absences (vacations) | (2,610,472) | |
| Bond premiums/Discounts, net of amortization | (30,619,637) | |
| Total long-term liabilities | | $(482,755,655) |
| Total net position - governmental activities | | $ 375,511,874 |

| | General Fund | Building Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Local Control Funding Formula | $ 275,886,818 | $ - | $ - | $ - | $ 275,886,818 |
| Federal sources | 6,505,900 | - | - | 1,090,597 | 7,596,497 |
| Other state sources | 50,815,529 | - | 161,503 | 1,980,862 | 52,957,894 |
| Other local sources | 31,489,234 | 2,583,155 | 42,571,580 | 7,134,115 | 83,778,084 |
| Total revenues | 364,697,481 | 2,583,155 | 42,733,083 | 10,205,574 | 420,219,293 |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | 227,690,083 | - | - | - | 227,690,083 |
| Instruction-related activities | | | | | |
| Supervision of instruction | 9,613,323 | - | - | - | 9,613,323 |
| Instructional library, media, and technology | 6,539,477 | - | - | - | 6,539,477 |
| School site administration | 24,891,187 | - | - | - | 24,891,187 |
| Pupil services | | | | | |
| Home-to-school transportation | 7,671,952 | - | - | - | 7,671,952 |
| Food services | 172,683 | - | - | 6,216,994 | 6,389,677 |
| All other pupil services | 23,419,805 | - | - | - | 23,419,805 |
| Administration | | | | | |
| Data processing | 3,775,035 | - | - | - | 3,775,035 |
| All other administration | 14,293,352 | - | - | - | 14,293,352 |
| Plant services | 33,855,907 | 7,139,218 | - | 751,515 | 41,746,640 |
| Ancillary services | 3,857,260 | - | - | - | 3,857,260 |
| Community services | 1,092,670 | - | - | - | 1,092,670 |
| Facility acquisition and construction | 29,521 | 26,538,725 | - | 4,149,970 | 30,718,216 |
| Debt service | | | | | |
| Principal | 70,207 | - | 22,035,000 | 2,363,034 | 24,468,241 |
| Interest and other | 2,656 | - | 18,548,600 | 1,292,562 | 19,843,818 |
| Total expenditures | 356,975,118 | 33,677,943 | 40,583,600 | 14,774,075 | 446,010,736 |
| Excess (Deficiency) of Revenues Over Expenditures | 7,722,363 | (31,094,788) | 2,149,483 | (4,568,501) | (25,791,443) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 767,763 | 1,926,125 | - | 3,355,034 | 6,048,922 |
| Transfers out | (4,183,726) | - | - | (2,693,888) | (6,877,614) |
| Other uses | (1,413,249) | - | - | - | (1,413,249) |
| Total other financing sources (uses) | (4,829,212) | 1,926,125 | - | 661,146 | (2,241,941) |
| Net Change in Fund Balances | 2,893,151 | (29,168,663) | 2,149,483 | (3,907,355) | (28,033,384) |
| Fund Balance, Beginning of Year | 56,991,546 | 97,802,416 | 33,680,806 | 26,056,936 | 214,531,704 |
| Fund Balance, End of Year | $ 59,884,697 | $ 68,633,753 | $ 35,830,289 | $ 22,149,581 | $ 186,498,320 |

See Notes to Financial Statements

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

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds | | $ (28,033,384) |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period. | | |
| Depreciation expense | $ (34,622,068) | |
| Capital outlays | 30,561,953 | |
| Net expense adjustment | | (4,060,115) |
| In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. | | (357,647) |
| In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. | | (14,095,015) |
| Activities between governmental funds and fiduciary funds are not included in Statement of Net position. | | 4,407 |
| In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the statement of activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. | | 1,271,261 |
| Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. | | |
| Premium amortization | | 3,115,794 |
| Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. | | |
| General obligation bonds | | 22,035,000 |
| Certificates of participation | | 1,620,000 |
| Capital leases | | 944,909 |

| | |
|---|---|
| Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due. | (278,574) |
| An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities. | 769,724 |
| Change in net position of governmental activities | $ (17,064,031) |

| | Governmental Activities - Internal Service Fund |
|---|---|
| **Assets** | |
| Current assets | |
| Deposits and investments | $ 3,647,584 |
| Receivables | 348,497 |
| Due from other funds | 159,540 |
| Total assets | 4,155,621 |
| **Liabilities** | |
| Current liabilities | |
| Accounts payable | 131,665 |
| Due to other funds | 150,000 |
| Total liabilities | 281,665 |
| **Net Position** | |
| Unrestricted | 3,873,956 |
| Total net position | $ 3,873,956 |

| | Governmental Activities - Internal Service Fund |
|---|---|
| Operating Revenues | |
| Charges for services | $ 4,173,448 |
| Operating Expenses | |
| Payroll costs | 3,221,815 |
| Other operating cost | 232,604 |
| Total operating expenses | 3,454,419 |
| Operating Income | 719,029 |
| Nonoperating Revenues (Expenses) | |
| Interest income | 50,695 |
| Change in Net Position | 769,724 |
| Total Net Position - Beginning | 3,104,232 |
| Total Net Position - Ending | $ 3,873,956 |

| | Governmental Activities - Internal Service Fund |
|---|---|
| **Operating Activities** | |
| Cash receipts from interdistrict amounts | $ 4,169,253 |
| Cash receipts from interfund services provided | 758 |
| Cash payments to other suppliers of goods or services | (328,930) |
| Cash payments to employees for services | (3,221,815) |
| Net Cash from Operating Activities | 619,266 |
| **Investing Activities** | |
| Interest on investments | 50,695 |
| Net Change in Cash and Cash Equivalents | 669,961 |
| Cash and Cash Equivalents, Beginning of Year | 2,977,623 |
| Cash and Cash Equivalents, End of Year | $ 3,647,584 |
| **Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities** | |
| Operating income (loss) | $ 719,029 |
| Changes in assets and liabilities | |
| Receivables | 4,195 |
| Due from other fund | 43,063 |
| Accrued liabilities | (147,021) |
| Net Cash From Operating Activities | $ 619,266 |

| | Agency Funds | |
|---|---|---|
| | Warrant Clearing | Agency Funds |
| **Assets** | | |
| Deposits and investments | $ 17,203,159 | $ 2,344,161 |
| Due from other funds | 40 | - |
| Total assets | 17,203,199 | $ 2,344,161 |
| **Liabilities** | | |
| Due to others | 17,202,855 | 2,344,161 |
| Due to other funds | 344 | - |
| Total liabilities | $ 17,203,199 | $ 2,344,161 |

## Note 1 - Summary of Significant Accounting Policies

### Financial Reporting Entity

The San Ramon Valley Unified School District (the District) was organized on July 1, 1965 under the laws of the State of California. The District operates under a locally elected five member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 21 elementary, eight middle, four high schools, a continuation school, an independent study school.

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

### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. 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 three component units: the San Ramon Valley Unified School District Educational Facilities Corporation, the San Ramon Valley Unified School District Financing Corporation, and the San Ramon Valley Unified District Joint Powers Financing Authority. The first two component units are not presented in the financial statements as there are no activities and they are inactive. The last one is included in the Building fund financial statements.

### Basis of Presentation - Fund Accounting

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

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

**Major Governmental Funds**

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

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

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

**Non-Major Governmental Funds**

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

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

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

**Proprietary Funds** Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self insurance program that is accounted for in an internal service fund.

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

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB) and warrant clearing fund.

**Basis of Accounting - Measurement Focus**

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

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

**Cash and Cash Equivalents**

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**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.

**Restricted Assets**

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the debt service fund represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

**Prepaid Expenditures (Expenses)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Stores Inventories**

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

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds. Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 10 to 50 years; improvements/infrastructure, 11 to 36 years; equipment, 2 to 20 years.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position.

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund 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 liabilities of the governmental funds.

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

**Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements long-term liabilities are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items, and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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

**Pensions**

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

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**Fund Balances - Governmental Funds**

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned** - all other spendable amounts.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 2 percent of General Fund expenditures and other financing uses.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $55,323,287 of restricted net position, all of which is restricted by enabling legislation.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are In-District Premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Interfund Activity**

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements

**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.

**Property Tax**

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

**Change in Accounting Principles**

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

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

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

**New Accounting Pronouncements**

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

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

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

As a result of the implementation of GASB statement No. 95,the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

As a result of the implementation of GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

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

As a result of the implementation of GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

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

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

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

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

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

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

As a result of the implementation of GASB statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB statement No. 95. the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.
The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

## Note 2 - Deposits and Investments

### Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Governmental funds | $ 177,015,897 |
| Proprietary funds | 3,647,584 |
| Fiduciary funds | 19,547,320 |
| Total deposits and investments | $ 200,210,801 |

Deposits and investments as of June 30, 2020, consist of the following:

| | |
|---|---|
| Cash on hand and in banks | $ 2,052,106 |
| Cash in revolving | 154,900 |
| Investments | 198,003,795 |
| Total deposits and investments | $ 200,210,801 |

### Policies and Practices

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

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

**Investment in the State Investment Pool** - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the Pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

**General Authorizations**

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

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

**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 change in market interest rate. The District manages its exposure to interest rate risk by investing in the County Pool, LAIF and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

| Investment Type | Reported Amount | Maturity Date |
|---|---|---|
| County Treasury Investment Pool | $ 197,746,921 | 282 |
| Local Agency Investment Pool | 256,874 | 169 |
| Total | $ 198,003,795 | |

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment's in the county pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2020.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, approximately $2,500,000 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

## Note 3 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2020:

| Investment Type | Reported Amount | Level 1 | Level 2 |
|---|---|---|---|
| County Treasury Investment Pool | $ 197,746,921 | $ - | $ - |
| State Investment Pool | 256,874 | - | - |
| Total | $ 198,003,795 | $ - | $ - |

All assets have been valued using a market approach, with quoted market prices.

## Note 4 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

| | General Fund | Building Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total | Proprietary Funds | Fiduciary Funds |
|---|---|---|---|---|---|---|---|
| Federal Government | | | | | | | |
| Categorical aid | $ 5,761,401 | $ - | $ - | $ 354,103 | $ 6,115,504 | $ - | $ - |
| State Government | | | | | | | |
| LCFF apportionment | 2,815,317 | - | - | - | 2,815,317 | - | - |
| Other State | 3,926,577 | - | - | - | 3,926,577 | - | - |
| Local Government | | | | | | - | - |
| Interest | - | - | 39,856 | - | 39,856 | - | - |
| Other local sources | 5,619,383 | 5,840 | - | 9,164 | 5,634,387 | 348,497 | 511,854 |
| Total | $ 18,122,678 | $ 5,840 | $ 39,856 | $ 363,267 | $ 18,531,641 | $ 348,497 | $ 511,854 |

## Note 5 - Capital Assets

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

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 336,607,628 | $ - | $ - | $ 336,607,628 |
| Construction in progress | 127,962,810 | 25,968,090 | (14,671,045) | 139,259,855 |
| Total capital assets not being depreciated | 464,570,438 | 25,968,090 | (14,671,045) | 475,867,483 |
| Capital assets being depreciated | | | | |
| Land improvements | 67,461,973 | 2,295,128 | - | 69,757,101 |
| Buildings and improvements | 947,636,866 | 16,030,216 | - | 963,667,082 |
| Furniture and equipment | 18,130,840 | 939,564 | (132,247) | 18,938,157 |
| Total capital assets being depreciated | 1,033,229,679 | 19,264,908 | (132,247) | 1,052,362,340 |
| Total capital assets | 1,497,800,117 | 45,232,998 | (14,803,292) | 1,528,229,823 |
| Accumulated depreciation | | | | |
| Land improvements | (49,420,047) | (1,924,203) | - | (51,344,250) |
| Buildings and improvements | (396,563,807) | (31,550,002) | - | (428,113,809) |
| Furniture and equipment | (15,021,606) | (1,147,863) | 131,856 | (16,037,613) |
| Total accumulated depreciation | (461,005,460) | (34,622,068) | 131,856 | (495,495,672) |
| Governmental activities capital assets, net | $1,036,794,657 | $ 10,610,930 | $ (14,671,436) | $1,032,734,151 |

Depreciation expense was charged as a direct expense to governmental and business-type functions as follows:

| | |
|---|---|
| Governmental Activities | |
| Instruction | $ 22,413,109 |
| Supervision of instruction | 990,378 |
| Instructional library, media, and technology | 2,497,836 |
| School site administration | 652,027 |
| Home-to-school transportation | 562,022 |
| Food services | 5 |
| All other pupil services | 1,935,868 |
| Data processing | 249,278 |
| All other administration | 1,358,103 |
| Plant services | 3,441,574 |
| Community Services | 99,067 |
| Ancillary Services | 422,801 |
| Total depreciation expenses governmental activities | $ 34,622,068 |

## Note 6 - Interfund Transactions

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

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

| | Due From | | | | | |
|---|---|---|---|---|---|---|
| Due To | General Fund | Building Fund | Non-Major Governmental Funds | Proprietary Funds | Fiduciary Funds | Total |
| General Fund | $ - | $ 203,726 | $ 1,280,217 | $ 159,541 | $ 828,732 | $ 2,472,216 |
| Building Fund | 348 | - | - | - | - | 348 |
| Non-Major Governmental Funds | 105,771 | - | - | - | - | 105,771 |
| Proprietary Funds | 150,000 | - | - | - | - | 150,000 |
| Fiduciary Funds | 3,374 | - | - | - | - | 3,374 |
| Total | $ 259,493 | $ 203,726 | $ 1,280,217 | $ 159,541 | $ 828,732 | $ 2,731,709 |

Balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

**Operating Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

| | Transfer From | | | |
|---|---|---|---|---|
| Transfer To | General Fund | Building Fund | Non-Major Governmental Funds | Total |
| General Fund | $ - | $ - | $ 767,763 | $ 767,763 |
| Building Fund | | 1,926,125 | - | 1,926,125 |
| Non-Major Governmental Funds | 3,355,034 | - | - | 3,355,034 |
| Total | $ 3,355,034 | $ 1,926,125 | $ 767,763 | $ 6,048,922 |

| | |
|---|---|
| The General Fund transferred to the Cafeteria Non-Major Governemtal Fund to to make a contribution. | $ 1,010,359 |
| The County School Facilities Non-Major Governmental Fund transferred to the Building fund to Building fund to make a OPSC reimbursement. | 1,926,125 |
| The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Fund for Capital Outlay Projects for the DVMS and DHS fields. | 206,585 |
| The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Fund for Capital Outlay Projects for the debt services QSCB+ CREBS. | 2,138,090 |
| The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to General Fund to pay back excess contribution. | 767,763 |
| Total | $ 6,048,922 |

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Note 7 - Accounts Payable

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

| | General Fund | Building Fund | Non-Major Governmental Funds | Total | Proprietary Funds | Fiduciary Funds |
|---|---|---|---|---|---|---|
| Vendor payables | $ 4,193,292 | $ 2,526,412 | $ 1,165,587 | $ 7,885,291 | $ 131,665 | $ 8,600 |
| Salaries and benefits | 836,961 | 18,356 | 52,442 | 907,759 | - | - |
| Total | $ 5,030,253 | $ 2,544,768 | $ 1,218,029 | $ 8,793,050 | $ 131,665 | $ 8,600 |

## Note 8 - Unearned Revenue

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

| | General Fund |
|---|---|
| Federal financial assistance | $ 119,507 |

## Note 9 - Long-Term Liabilities other than OPEB and Pensions

### Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Due in One Year |
|---|---|---|---|---|---|
| Long-Term Liabilities | | | | | |
| General obligation bonds | $ 448,665,000 | $ - | $ (22,035,000) | $ 426,630,000 | $ 19,110,000 |
| Lease revenue bonds | 13,335,000 | - | (1,620,000) | 11,715,000 | 1,630,000 |
| Premiums, net of amortization | 33,735,431 | - | (3,115,794) | 30,619,637 | 3,115,794 |
| Capital leases | 141,503 | - | (115,895) | 25,608 | 25,602 |
| Ground lease | 11,852,287 | - | (829,014) | 11,023,273 | 729,261 |
| Compensated absences | 2,252,825 | 357,647 | - | 2,610,472 | - |
| Total | $ 510,210,037 | $ 3,629,429 | $ (31,083,811) | $ 482,755,655 | $ 24,610,657 |

Payments for general obligation bonds are made by the Bond Interest and Redemption fund. Capital leases payments are made by the General and Building funds. Compensated absences and pension will be paid for by the funds for which the employee worked. Payments for lease revenue bond are made by the Building Fund. Payment for the Ground Lease will be captured by electricity cost savings.

**Bonded Debt**

The outstanding general obligation bonded debt is as follows:

| Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2019 | Issued | Redeemed | Bonds Outstanding June 30, 2020 |
|---|---|---|---|---|---|---|---|
| 1/17/2013 | 2031 | 3.00-4.00% | 52,200,000 | $ 49,035,000 | $ - | $ (115,000) | $ 48,920,000 |
| 2/14/2013 | 2037 | 2.00-4.00% | 74,995,000 | 71,005,000 | | | 71,005,000 |
| 7/17/2012 | 2029 | 1.00-5.00% | 167,945,000 | 149,720,000 | | (12,780,000) | 136,940,000 |
| 4/20/2015 | 2040 | 4.00-5.00% | 125,000,000 | 125,000,000 | - | - | 125,000,000 |
| 12/8/2018 | 2027 | 4.00-5.00% | 60,005,000 | 53,905,000 | - | (9,140,000) | 44,765,000 |
| | | | | $ 448,665,000 | $ - | $ (22,035,000) | $ 426,630,000 |

**Debt Service Requirements to Maturity**

The bonds mature through 2042 as follows:

The current interest bonds mature as follows:

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2021 | $ 19,110,000 | $ 17,658,400 | $ 36,768,400 |
| 2022 | 20,995,000 | 14,942,050 | 35,937,050 |
| 2023 | 23,375,000 | 15,809,925 | 39,184,925 |
| 2024 | 25,970,000 | 14,608,100 | 40,578,100 |
| 2025 | 28,845,000 | 13,279,850 | 42,124,850 |
| 2026-2030 | 133,470,000 | 46,875,850 | 180,345,850 |
| 2031-2035 | 70,290,000 | 27,391,400 | 97,681,400 |
| 2036-2040 | 86,045,000 | 12,303,100 | 98,348,100 |
| 2041-2042 | 18,530,000 | 370,600 | 18,900,600 |
| Total | $ 426,630,000 | $ 163,239,275 | $ 589,869,275 |

**Ground Lease**

On December 1, 2015, the District and the San Ramon Valley Unified School District Joint Powers Financing Authority (the Authority) entered into a lease-lease back Ground Lease agreement with HAS OBS Op A LLC (the Purchaser) for the purpose of financing solar projects at 15 school sites. The District agrees to lease the Vista Grande Elementary School (the Property) to the Authority and the Authority shall lease back the property to the District. The Purchaser agrees to purchase from the Authority the Authority's right, title and interest in the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payment due under the Lease Agreement at a purchase price of $12,518,667. Based on the Agreement, the District is obligated for the base rental payment of $12,518,667 at an interest rate of 3.86% over a 25-year term. The District expects to receive IRS subsidy payments to offset most of the interest costs. Based on current sequestration conditions, the net effective interest rate after IRS subsidy payments is estimated at 0.85%.

As of June 30, 2020, the lease matures on August 1, 2031 as follows:

| Year Ending June 30, | Lease Payment |
|---|---|
| 2021 | $ 1,171,375 |
| 2022 | 1,149,865 |
| 2023 | 1,153,671 |
| 2024 | 1,157,175 |
| 2025 | 1,021,988 |
| 2026-2030 | 5,932,576 |
| 2031 | 2,388,554 |
| Total | 13,975,204 |
| Less amount representing interest | (2,926,323) |
| Present value of minimum lease payments | $ 11,048,881 |

**Lease Revenue Bonds**

On July 20, 2010, the District issued $25,000,000 Federally Taxable Lease Revenue Bonds with interest ranging from 2.397 percent to 6.254 percent. The bonds were issued to finance construction of solar panels at several school sites. Interest with respect to the Bonds will be payable semi-annually on each November 1 and May 1, commencing November 1, 2010 and maturing on May 1, 2027. At June 30, 2020, the principal balance outstanding was $11,715,000.

**Debt Service Requirements to Maturity**

The lease revenue bonds mature through 2027 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 1,630,000 | $ 751,699 | $ 2,381,699 |
| 2022 | 1,635,000 | 655,463 | 2,290,463 |
| 2023 | 1,650,000 | 555,663 | 2,205,663 |
| 2024 | 1,665,000 | 452,472 | 2,117,472 |
| 2025 | 1,690,000 | 341,683 | 2,031,683 |
| 2026-2027 | 3,445,000 | 344,677 | 3,789,677 |
| Total | $ 11,715,000 | $ 3,101,657 | $ 14,816,657 |

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $2,610,472.

**Capital Leases**

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

| | Trucks | Data Back Up System | Total |
|---|---|---|---|
| Balance, July 1, 2019 | $ 45,688 | $ 95,815 | $ 141,503 |
| Additions | - | - | - |
| Payments | (45,688) | (70,207) | (115,895) |
| Balance, July 1, 2020 | $ - | $ 25,608 | $ 25,608 |

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2020, include the following:

| | |
|---|---|
| Buildings | $ 1,689,837 |
| Equipment | 56,852 |
| Less accumulated depreciation | (1,338,823) |
| Total | $ 407,866 |

Amortization of leased buildings and equipment under capital assets is included with depreciation expense.

## Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

| OPEB Plans | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---|---|---|---|---|
| District Plan | $ 45,454,806 | $ 3,242,054 | $ 22,223,504 | $ 7,512,181 |
| MPP | 1,749,503 | - | - | - |
| Total | $ 47,204,309 | $ 3,242,054 | $ 22,223,504 | $ 7,512,181 |

The details of each plan are as follows:

**District Plan**

*Plan Administration*

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

*Plan Membership*

At June 30, 2019, the valuation date, the Plan membership consisted of 2,629 active employees and 1,095 retirees.

*Benefits Provided*

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

*Contributions*

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2019-2020, the District contributed $3,183,103 to the Plan, all of which was used for current premiums.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2019-2020, the District paid $3,183,103 in benefits.

**Investment**

*Investment Policy*

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

| Asset Class | Target Allocation |
|---|---|
| Global Equity | 57% |
| Global Debt Securities | 27% |
| Inflation Assts | 5% |
| Commodities | 3% |
| REITs | 8% |

*Concentration*

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2019 measurement date, investments in CalPERS CERBT Strategy 2 Plan represents 100 percent of the total investment.

**Net OPEB Liability of the District**

The District's net OPEB liability of $45,454,806 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

| | |
|---|---|
| Total OPEB liability | $ 71,229,756 |
| Plan fiduciary net position | (25,774,950) |
| Net OPEB liability | $ 45,454,806 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 36.19% |

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 3.00 percent |
| Salary increases | 3.00 percent, average, including inflation |
| Discount rate | 5.25 percent |
| Investment rate of return | 7.00 percent, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | 6.5 percent decreasing to 5.0 percent |
| Retirees' share of benefit-related costs | Based on healthcare trend rates |

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| Global Equity | 5.5% |
| Global Debt Securities | 2.4% |
| Inflation Assets | 1.5% |
| Commodities | 1.8% |
| REITs | 3.7% |

*Discount Rate*

The discount rate used to measure the total OPEB liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

**Changes in the Net OPEB Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance, June 30, 2019 | $ 85,825,094 | $ 24,486,303 | $ 61,338,791 |
| Service cost | 3,467,506 | - | 3,467,506 |
| Interest | 3,859,600 | - | 3,859,600 |
| Employer contributions | - | 3,183,103 | (3,183,103) |
| Net investment income | - | 1,308,787 | (1,308,787) |
| Changes of benefit terms | - | | - |
| Difference between expected and actual experience | (7,681,948) | - | (7,681,948) |
| Changes of assumptions and other inputs | (11,057,393) | - | (11,057,393) |
| Benefit payments | (3,183,103) | (3,183,103) | - |
| Administrative expense | - | (20,140) | 20,140 |
| Net change in total OPEB liability | (14,595,338) | 1,288,647 | (15,883,985) |
| Balance, June 30, 2020 | $ 71,229,756 | $ 25,774,950 | $ 45,454,806 |

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

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

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (3.25%) | $ 55,106,265 |
| Current discount rate (5.25%) | 45,454,806 |
| 1% increase (6.25%) | 37,442,672 |

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

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

| Healthcare Cost Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (5.5%) | $ 36,298,639 |
| Current healthcare cost trend rate (6.5%) | 45,454,806 |
| 1% increase (7.5%) | 56,900,480 |

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

For the year ended June 30, 2020, the District recognized OPEB expense of $7,512,181. At June 30, 2020, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $3,242,054.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| OPEB contributions subsequent to measurement date | $ 3,242,054 | $ - |
| Differences between expected and actual experience | - | 6,828,398 |
| Changes of assumptions | - | 15,067,754 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 327,352 |
| Total | $ 3,242,054 | $ 22,223,504 |

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

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 3,617,729 |
| 2022 | 3,617,729 |
| 2023 | 3,348,611 |
| 2024 | 3,310,839 |
| 2025 | 2,082,149 |
| Thereafter | 6,246,447 |
| Total | $ 22,223,504 |

## Note 11 - Fund Balances

Fund balances are composed of the following elements:

| | General Fund | Building Funds | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total |
|---|---|---|---|---|---|
| Nonspendable | | | | | |
| Revolving cash | $ 154,900 | $ - | $ - | $ - | $ 154,900 |
| Stores inventories | 73,054 | - | - | 75,873 | 148,927 |
| Prepaid expenditures | 549,309 | - | - | - | 549,309 |
| Total nonspendable | 777,263 | - | - | 75,873 | 853,136 |
| Restricted | | | | | |
| Legally restricted programs | 12,811,677 | - | - | - | 12,811,677 |
| Food service | - | - | - | 150,000 | 150,000 |
| Capital projects | - | 68,633,753 | - | 13,811,427 | 82,445,180 |
| Debt services | - | - | 35,830,289 | - | 35,830,289 |
| Total restricted | 12,811,677 | 68,633,753 | 35,830,289 | 13,961,427 | 131,237,146 |
| Committed | | | | | |
| Other | - | - | - | 8,112,281 | 8,112,281 |
| Assigned | | | | | |
| LCFF Shortfall | 22,129,496 | - | - | - | 22,129,496 |
| Bridge Funding | 8,414,445 | - | - | - | 8,414,445 |
| Professional Development | 229,114 | - | - | - | 229,114 |
| Site/Dept Designated amount | 977,052 | - | - | - | 977,052 |
| LCAP Supplement Services | 1,046,685 | - | - | - | 1,046,685 |
| Lottery Carry Over > inc 3 yrs | 2,264,218 | - | - | - | 2,264,218 |
| Total assigned | 35,061,010 | - | - | - | 35,061,010 |
| Unassigned | | | | | |
| Reserve for economic uncertainties | 11,234,747 | - | - | - | 11,234,747 |
| Total | $ 59,884,697 | $ 68,633,753 | $ 35,830,289 | $ 22,149,581 | $ 186,498,320 |

## Note 12 - Risk Management

### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with Northern California Regional Liability Excess Fund for property and liability insurance coverage. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

### Workers' Compensation

For fiscal year 2020, the District participated in the Contra Costa County Schools Insurance Group, an insurance purchasing pool. The intent of the Contra Costa County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Contra Costa County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Contra Costa County Schools Insurance Group. Each participant pays its workers ' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating school district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Contra Costa County Schools Insurance Group. Participation in the Contra Costa County Schools Insurance Group is limited to districts that can meet the Contra Costa County Schools Insurance Group selection criteria.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses), and an estimate for claims incurred, but not reported based on historical experience. The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2020.

| | Dental and Vision | Property and Liability | Total |
|---|---|---|---|
| Liability Balance, July 1, 2018 | $ 107,711 | $ 8,047 | $ 115,758 |
| Claims and changes in estimates | 3,968,891 | 152,947 | 4,121,838 |
| Claims payments | (3,875,568) | (134,037) | (4,009,605) |
| Liability Balance, June 30, 2019 | 201,034 | 26,957 | 227,991 |
| Claims and changes in estimates | 3,142,558 | 129,224 | 3,271,782 |
| Claims payments | (3,233,271) | (134,837) | (3,368,108) |
| Liability Balance, June 30, 2020 | $ 110,321 | $ 21,344 | $ 131,665 |
| Assets available to pay claims at June 30, 2020 | $ 2,635,681 | $ 1,011,903 | $ 3,647,584 |

## Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|---|---|---|---|---|
| CalSTRS | $ 239,851,451 | $ 69,100,870 | $ 37,610,567 | $ 27,617,873 |
| CalPERS | 102,322,193 | 22,458,896 | 3,148,588 | 17,266,280 |
| Total | $ 342,173,644 | $ 91,559,766 | $ 40,759,155 | $ 44,884,153 |

The details of each plan are as follows:

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

*Plan Description*

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

*Benefits Provided*

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

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

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

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

| | STRP Defined Benefit Program | |
|---|---|---|
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 17.10% | 17.10% |
| Required state contribution rate | 10.328% | 10.328% |

*Contributions*

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $22,220,386.

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.2656 percent and 0.2866 percent, resulting in a net decrease in the proportionate share of 0.021 percent.

For the year ended June 30, 2020, the District recognized pension expense of $27,617,873. In addition, the District recognized pension expense and revenue of $19,487,128 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 26,220,386 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 11,939,020 | 21,612,679 |
| Di on pension plan investments | - | 9,239,152 |
| Differences between expected and actual experience in the measurement of the total pension liability | 605,498 | 6,758,736 |
| Changes of assumptions | 30,335,966 | - |
| Total | $ 69,100,870 | $ 37,610,567 |

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ (931,927) |
| 2022 | (7,334,799) |
| 2023 | (1,522,818) |
| 2024 | 550,392 |
| Total | $ (9,239,152) |

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 4,530,856 |
| 2022 | 4,530,856 |
| 2023 | 5,031,451 |
| 2024 | 4,665,945 |
| 2025 | (1,196,127) |
| Thereafter | (3,053,912) |
| Total | $ 14,509,069 |

*Actuarial Methods and Assumptions*

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2018 |
| Measurement date | June 30, 2019 |
| Experience study | July 1, 2010 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.10% |
| Investment rate of return | 7.10% |
| Consumer price inflation | 2.75% |
| Wage growth | 3.50% |

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

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, 2019, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 47% | 4.8% |
| Fixed income | 12% | 1.3% |
| Real estate | 13% | 3.6% |
| Private equity | 13% | 6.3% |
| Risk mitigating strategies | 9% | 1.8% |
| Inflation sensitive | 4% | -3.3% |
| Cash/liquidity | 2% | -0.4% |

*Discount Rate*

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

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.10%) | $ 357,158,665 |
| Current discount rate (7.10%) | 239,851,451 |
| 1% increase (8.10%) | 142,581,432 |

**California Public Employees Retirement System (CalPERS)**

*Plan Description*

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

| | School Employer Pool (CalPERS) | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 19.721% | 19.721% |

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $10,056,768.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $102,322,193. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.3511 percent and 0.3646 percent, resulting in a net decrease in the proportionate share of 0.0135 percent.

For the year ended June 30, 2020, the District recognized pension expense of $17,266,280. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 10,056,768 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 98,575 | 2,199,530 |
| Differences between projected and actual earnings on pension plan investments | - | 949,058 |
| Differences between expected and actual experience in the measurement of the total pension liability | 7,432,699 | - |
| Changes of assumptions | 4,870,854 | - |
| Total | $ 22,458,896 | $ 3,148,588 |

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 936,825 |
| 2022 | (1,871,278) |
| 2023 | (283,570) |
| 2024 | 268,965 |
| Total | $ (949,058) |

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2021 | $ 7,091,793 |
| 2022 | 2,565,963 |
| 2023 | 495,312 |
| 2024 | 49,530 |
| Total | $ 10,202,598 |

*Actuarial Methods and Assumptions*

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2018 |
| Measurement date | June 30, 2019 |
| Experience study | July 1, 1997 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.15% |
| Investment rate of return | 7.15% |
| Consumer price inflation | 2.50% |
| Wage growth | Varies by entry age and service |

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 50% | 5.98% |
| Fixed income | 28% | 2.62% |
| Inflation assets | 0% | 1.81% |
| Private equity | 8% | 7.23% |
| Real assets | 13% | 4.93% |
| Liquidity | 1% | -0.92% |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.15%) | $ 147,490,713 |
| Current discount rate (7.15%) | 102,322,193 |
| 1% increase (8.15%) | 64,851,785 |

**Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the TDA as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $18,253,000 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

## Note 14 - Commitments and Contingencies

### Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

### 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, 2020.

### Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

| Capital Project | Remaining Construction Commitment | Expected Date of Completion |
|---|---|---|
| Modernization at various sites | | |
| San Ramon Valley High School-Classroom Building | $ 296,045 | Sept, 2020 |
| San Ramon Valley High School-Landscape Improvements | 1,443,143 | Dec, 2020 |
| Charlotte Wood Middle School - Modernization | 167,324 | Sept, 2020 |
| Golden View Elementary School - Modernization | 16,626 | Sept, 2020 |
| Sycamore Valley Elementary School - Modernization | 600,298 | Sept, 2020 |
| Vista Grande Elementary School - Modernization | 22,646 | Sept, 2020 |
| Green Valley Elementary School - Landscape Improvements | 330,804 | Dec, 2020 |
| | $ 2,876,886 | |

## Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Contra Costa County School Insurance Group, Northern California Regional Excess Liability Fund, and the School Excess Liability Fund public entity risk pools. The District pays an annual premium to the applicable entity for its workers' compensation and property liability coverage. The relationship between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

The District has appointed a board member to the governing board of Contra Costa County Schools Insurance Group and to the Northern California Regional Excess Liability Fund.

Required Supplementary Information

# San Ramon Valley Unified School District

| | Budgeted Amounts | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | Final to Actual |
| Revenues | | | | |
| Local Control Funding Formula | $ 275,817,790 | $ 276,017,165 | $ 275,886,818 | $ (130,347) |
| Federal sources | 6,358,456 | 6,716,825 | 6,505,900 | (210,925) |
| Other State sources | 40,611,208 | 46,115,319 | 50,815,529 | 4,700,210 |
| Other local sources | 30,011,049 | 32,786,837 | 31,489,234 | (1,297,603) |
| Total revenues [1] | 352,798,503 | 361,636,146 | 364,697,481 | 3,061,335 |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 156,695,847 | 153,974,283 | 155,284,664 | (1,310,381) |
| Classified salaries | 54,721,136 | 54,776,599 | 55,276,129 | (499,530) |
| Employee benefits | 98,241,277 | 100,916,543 | 99,753,743 | 1,162,800 |
| Books and supplies | 12,911,842 | 18,220,027 | 9,362,435 | 8,857,592 |
| Services and operating expenditures | 32,396,134 | 35,995,064 | 32,830,688 | 3,164,376 |
| Other outgo | 1,412,463 | 1,485,326 | 3,769,470 | (2,284,144) |
| Capital outlay | 183,500 | 670,499 | 625,126 | 45,373 |
| Debt service | | | | |
| Debt service - principal | - | - | 70,207 | (70,207) |
| Debt service - interest and other | - | - | 2,656 | (2,656) |
| Total expenditures [1] | 356,562,199 | 366,038,341 | 356,975,118 | 9,063,223 |
| Excess (Deficiency) of Revenues Over Expenditures | (3,763,696) | (4,402,195) | 7,722,363 | 12,124,558 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 1,694,001 | 767,763 | (926,238) |
| Transfers out | (2,778,951) | (2,836,902) | (4,183,726) | (1,346,824) |
| Other uses | - | - | (1,413,249) | (1,413,249) |
| Net financing sources (uses) | (2,778,951) | (1,142,901) | (4,829,212) | (3,686,311) |
| Net Change in Fund Balances | (6,542,647) | (5,545,096) | 2,893,151 | 8,438,247 |
| Fund Balance - Beginning | 56,991,546 | 56,991,546 | 56,991,546 | - |
| Fund Balance - Ending | $ 50,448,899 | $ 51,446,450 | $ 59,884,697 | $ 8,438,247 |

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Measurement Date | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Total OPEB Liability | | | |
| Service cost | $ 3,467,506 | $ 4,072,668 | $ 3,783,579 |
| Interest | 3,859,600 | 3,439,513 | 3,274,173 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | (7,681,948) | - | - |
| Changes of assumptions | (11,057,393) | (7,858,440) | - |
| Benefit payments | (3,183,103) | (2,952,650) | (2,922,892) |
| Net change in total OPEB liability | (14,595,338) | (3,298,909) | 4,134,860 |
| Total OPEB Liability - Beginning | 85,825,094 | 89,124,003 | 84,989,143 |
| Total OPEB Liability - Ending (a) | $ 71,229,756 | $ 85,825,094 | $ 89,124,003 |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | $ 3,183,103 | $ 2,751,146 | $ 2,586,962 |
| Net investment income | 1,308,787 | 1,786,399 | 2,128,850 |
| Benefit payments | (3,183,103) | (2,952,650) | (2,922,892) |
| Administrative expense | (20,140) | (11,955) | - |
| Other expense | 115,763 | (30,342) | (20,140) |
| Net change in plan fiduciary net position | 1,404,410 | 1,542,598 | 1,772,780 |
| Plan Fiduciary Net Position - Beginning | 24,370,540 | 22,827,942 | 21,055,162 |
| Plan Fiduciary Net Position - Ending (b) | $ 25,774,950 | $ 24,370,540 | $ 22,827,942 |
| Net OPEB Liability - Ending (a) - (b) | $ 45,454,806 | $ 61,454,554 | $ 66,296,061 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 36.19% | 28.40% | 25.61% |
| Covered Payroll | $ 180,394,937 | $ 165,646,000 | $ 165,646,000 |
| Net OPEB Liability as a Percentage of Covered Payroll | N/A[1] | N/A[1] | N/A[1] |

[1] The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

*Note:* In the future, as data becomes available, ten years of information will be presented.

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Actuarially determined contribution | $ 3,183,103 | $ 4,477,420 | $ 5,110,746 |
| Contribution in relation to the actuarially determined contribution | 3,183,103 | 2,751,146 | 2,586,962 |
| Contribution deficiency (excess) | $ - | $ 1,726,274 | $ 2,523,784 |
| Covered payroll | $ 180,394,937 | $ 165,646,000 | $ 165,646,000 |
| Contributions as a percentage of covered payroll | 1.76% | 1.66% | 1.56% |

*Note:* In the future, as data becomes available, ten years of information will be presented.

| Year ended June 30, | 2020 | 2019 | 2018 |
|---|---|---|---|
| Proportion of the net OPEB liability | 0.4698% | Not available | Not available |
| Proportionate share of the net OPEB liability | $ 1,749,503 | Not available | Not available |
| Covered payroll | N/A[1] | N/A[1] | N/A[1] |
| Proportionate share of the net OPEB liability as a percentage of it's covered payroll | N/A[1] | N/A[1] | N/A[1] |
| Plan fiduciary net position as a percentage of the total OPEB liability | -0.81% | -0.40% | 0.01% |

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

*Note* : In the future, as data becomes available, ten years of information will be presented.

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Measurement Date | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| **CalSTRS** | | | | | |
| Proportion of the net pension liability | 0.2656% | 0.2866% | 0.2698% | 0.2869% | 0.2850% |
| Proportionate share of the net pension liability | $ 239,851,451 | $ 263,362,593 | $ 249,500,993 | $ 232,086,252 | $ 192,063,676 |
| State's proportionate share of the net pension liability | 130,854,979 | 150,787,402 | 147,602,680 | 132,122,563 | 150,787,402 |
| Total | $ 370,706,430 | $ 414,149,995 | $ 397,103,673 | $ 364,208,815 | $ 342,851,078 |
| Covered payroll | $ 153,335,591 | $ 143,753,881 | $ 141,737,621 | $ 141,457,364 | $ 130,188,756 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 156.42% | 183.20% | 176.03% | 164.07% | 147.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 73% | 71% | 70% | 74% | 77% |
| **CalPERS** | | | | | |
| Proportion of the net pension liability | 0.3511% | 0.3646% | 0.3635% | 0.3641% | 0.3659% |
| Proportionate share of the net pension liability | $ 102,322,193 | $ 97,205,339 | $ 86,784,137 | $ 71,903,017 | $ 53,926,804 |
| Covered payroll | $ 49,126,786 | $ 45,247,672 | $ 45,089,730 | $ 44,409,679 | $ 39,866,072 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 208.28% | 214.83% | 192.47% | 161.91% | 135.27% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 71% | 72% | 74% | 79% |

*Note* : In the future, as data becomes available, ten years of information will be presented.

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **CalSTRS** | | | | | |
| Contractually required contribution | $ 26,220,386 | $ 24,018,944 | $ 20,743,685 | $ 18,411,717 | $ 14,867,169 |
| Less contributions in relation to the contractually required contribution | 26,220,386 | 24,018,944 | 20,743,685 | 18,411,717 | 14,867,169 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 153,335,591 | $ 147,536,511 | $ 143,753,881 | $ 141,737,621 | $ 141,457,364 |
| Contributions as a percentage of covered payroll | 17.10% | 16.28% | 14.43% | 12.99% | 10.51% |
| **CalPERS** | | | | | |
| Contractually required contribution | $ 10,056,768 | $ 8,873,280 | $ 7,027,416 | $ 6,357,652 | $ 5,115,995 |
| Less contributions in relation to the contractually required contribution | 10,056,768 | 8,873,280 | 7,027,416 | 6,357,652 | 5,115,995 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 50,995,223 | $ 49,126,786 | $ 45,247,672 | $ 45,089,730 | $ 44,409,679 |
| Contributions as a percentage of covered payroll | 19.721% | 18.0620% | 15.5310% | 14.1000% | 11.5200% |

*Note* : In the future, as data becomes available, ten years of information will be presented.

## Note 1 - Purpose of Schedules

### Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

### Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation
- *Changes of Assumptions* – The discount rate was changed from 3.75% to 5.25%.

### Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of MPP OPEB Proportionate Share

This schedule presents information on the District's proportionate share of the MPP OPEB plan, the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both
- *Changes of Assumptions* – The discount rate changed from 3.87 percent to 3.50 percent in the current valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

**Schedule of District Contributions**

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2020

# San Ramon Valley Unified School District

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Passed Through California Department of Education (CDE) | | | |
| Special Education Cluster (IDEA) | | | |
| Preschool Grants | 84.173 | 13430 | $ 195,018 |
| Preschool Capacity Building, Part B, Sec 619 | 84.173 | [1] | 250,000 |
| Preschool Staff Development, Part B | 84.173A | 13431 | 1,000 |
| Alternate Dispute Resolution, Part B, Sec 611 | 84.173A | 13007 | 14,601 |
| Special Education Grants to States - Basic Local Assistance | 84.027 | 13379 | 4,541,242 |
| Special Education Grants to States - Local Assistance, Part B Part B | 84.027 | 10115 | 137,569 |
| Special Education Grants to States - Mental Health | 84.027 | 14468 | 364,019 |
| Total Special Education Cluster | | | 5,503,449 |
| Title I Grants to Local Educational Agencies | 84.010 | 14981 | 185,857 |
| Career and Technical Education - Basic Grants to States | 84.048 | 14897 | 96,085 |
| Workforce Initiatives | 84.126 | [1] | 48,997 |
| Special Education-Grants for Infants and Families | 84.181 | 23761 | 75,121 |
| Supporting Effective Instruction State Grants - English Language Acquisition State Grants - LEP | 84.365 | 14346 | 258,282 |
| Teacher Quality | 84.367 | 14341 | 302,421 |
| Titli IV, Part A, Student Support & Academic Enrichment | 84.424 | [1] | 35,688 |
| Total U.S. Department of Education | | | 6,505,900 |
| U.S. Department of Agriculture | | | |
| Passed Through California Department of Education | | | |
| Child Nutrition Cluster | | | |
| National School Lunch Program | 10.555 | 13524 | 902,005 |
| National School Lunch Program - Commodity Supplemental Food | 10.555 | 13396 | 188,592 |
| Total Child Nutrition Cluster | | | 1,090,597 |
| Total U.S. Department of Agriculture | | | 1,090,597 |
| Total Expenditures of Federal Awards | | | $ 7,596,497 |

[1] Pass Through number not available

**ORGANIZATION**

The San Ramon Valley Unified School District was established on July 1, 1965 and consists of an area comprising approximately 104 square miles. The District operates 22 elementary schools, eight middle schools, four high schools, a continuation, and an independent study. There were no boundary changes during the year.

**GOVERNING BOARD**

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Susanna Ordway | President | 2022 |
| Ken Mintz | Vice President | 2022 |
| Rachel Hurd | Clerk | 2022 |
| Laura Bratt | Member | 2024 |
| Shelley Clark | Member | 2024 |

**ADMINISTRATION**

| NAME | TITLE |
|---|---|
| Dr. John Malloy | Superintendent |
| Greg Medici | Chief Business Officer |
| Daniel Hillman | Assistant Superintendent, Facilities and Business Operations |
| Keith Rogenski | Assistant Superintendent, Human Resources |
| Christine Huajardo | Deputy Superintendent, Educational Services |

| | Final Report | |
|---|---|---|
| | Second Period Report | Annual Report |
| Regular ADA | | |
| Transitional kindergarten through third | 8,127.88 | 8,127.88 |
| Fourth through sixth | 6,946.57 | 6,946.57 |
| Seventh and eighth | 5,188.13 | 5,188.13 |
| Ninth through twelfth | 10,619.19 | 10,619.19 |
| Total Regular ADA | 30,881.77 | 30,881.77 |
| Extended Year Special Education | | |
| Transitional kindergarten through third | 6.43 | 6.43 |
| Fourth through sixth | 4.89 | 4.89 |
| Seventh and eighth | 2.95 | 2.95 |
| Ninth through twelfth | 7.49 | 7.49 |
| Total Extended Year Special Education | 21.76 | 21.76 |
| Special Education, Nonpublic, Nonsectarian Schools | | |
| Transitional kindergarten through third | 0.63 | 0.63 |
| Fourth through sixth | 1.48 | 1.48 |
| Seventh and eighth | 3.09 | 3.09 |
| Ninth through twelfth | 16.69 | 16.69 |
| Total Special Education, Nonpublic, Nonsectarian Schools | 21.89 | 21.89 |
| Extended Year Special Education, Nonpublic, Nonsectarian Schools | | |
| Transitional kindergarten through third | 0.21 | 0.21 |
| Fourth through sixth | 0.46 | 0.46 |
| Seventh and eighth | 0.67 | 0.67 |
| Ninth through twelfth | 2.66 | 2.66 |
| Total Extended Year Special Education, Nonpublic, Nonsectarian Schools | 4.00 | 4.00 |
| Total ADA | 30,929.42 | 30,929.42 |

| Grade Level | 1986-1987 Minutes Requirement | 2019-2020 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|
| Kindergarten | 36,000 | 36,780 | 180 | N/A | Complied |
| Grades 1 - 3 | 50,400 | | | | |
| Grade 1 | | 51,740 | 180 | N/A | Complied |
| Grade 2 | | 51,740 | 180 | N/A | Complied |
| Grade 3 | | 52,220 | 180 | N/A | Complied |
| Grades 4 - 8 | 54,000 | | | | |
| Grade 4 | | 54,320 | 180 | N/A | Complied |
| Grade 5 | | 54,320 | 180 | N/A | Complied |
| Grade 6 | | 57,581 | 180 | N/A | Complied |
| Grade 7 | | 57,581 | 180 | N/A | Complied |
| Grade 8 | | 57,581 | 180 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | |
| Grade 9 | | 67,500 | 180 | N/A | Complied |
| Grade 10 | | 67,710 | 180 | N/A | Complied |
| Grade 11 | | 68,310 | 180 | N/A | Complied |
| Grade 12 | | 67,500 | 180 | N/A | Complied |

There were no reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

| | (Budget) 2021 [1] | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| General Fund [1] | | | | |
| Revenues | $ 337,613,330 | $ 360,644,070 | $ 360,515,524 | $ 342,626,147 |
| Other sources | 4,500,000 | 1,756,280 | - | - |
| Total Revenues and Other Sources | 342,113,330 | 362,400,350 | 360,515,524 | 342,626,147 |
| Expenditures | 358,177,440 | 353,205,650 | 351,888,591 | 335,748,562 |
| Other uses and transfers out | 910,450 | 5,596,976 | 31,297,194 | 3,245,878 |
| Total Expenditures and Other Uses | 359,087,890 | 358,802,626 | 383,185,785 | 338,994,440 |
| Increase/(Decrease) in Fund Balance | (16,974,560) | 3,597,724 | (22,670,261) | 3,631,707 |
| Ending Fund Balance | $ 26,675,391 | $ 43,649,951 | $ 40,052,227 | $ 62,722,488 |
| Available Reserves | $ 11,434,746 | $ 11,234,747 | $ 11,939,319 | $ 30,960,063 |
| Available Reserves as a Percentage of Total Outgo [2] | 3.18% | 3.13% | 3.12% | 9.13% |
| Long-Term Liabilities | $ 847,522,951 | $ 872,133,608 | $ 931,888,769 | $ 874,295,826 |
| K-12 Average Daily Attendance at P-2 | 30,679 | 30,929 | 31,126 | 31,464 |

The General Fund balance has decreased by $19,072,537 over the past two years. The fiscal year 2020-2021 budget projects a further decrease of $16,974,560 (39 percent). For a district this size, the State recommends available reserves of at least 2 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $13,721,767 over the past two years.

Average daily attendance has decreased by 535 over the past two years. Additional decline of 250 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

| | Cafeteria Fund | Capital Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Deposits and investments | $ (318,043) | $ 7,875,540 | $ 14,196,527 | $ 21,754,024 |
| Receivables | 354,103 | 38 | 9,126 | 363,267 |
| Due from other funds | 1,011,197 | 22,795 | 246,225 | 1,280,217 |
| Stores inventories | 75,873 | - | - | 75,873 |
| Total assets | $ 1,123,130 | $ 7,898,373 | $ 14,451,878 | $ 23,473,381 |
| **Liabilities and Fund Balances** | | | | |
| **Liabilities** | | | | |
| Accounts payable | $ 894,312 | $ 291,729 | $ 31,988 | $ 1,218,029 |
| Due to other funds | 2,945 | 40,313 | 62,513 | 105,771 |
| Total liabilities | 897,257 | 332,042 | 94,501 | 1,323,800 |
| **Fund Balances** | | | | |
| Nonspendable | 75,873 | - | - | 75,873 |
| Restricted | 150,000 | 7,566,331 | 6,245,096 | 13,961,427 |
| Committed | - | - | 8,112,281 | 8,112,281 |
| Total fund balances | 225,873 | 7,566,331 | 14,357,377 | 22,149,581 |
| Total liabilities and fund balances | $ 1,123,130 | $ 7,898,373 | $ 14,451,878 | $ 23,473,381 |

| | Cafeteria Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Federal sources | $ 1,090,597 | $ - | $ - | $ - | $ 1,090,597 |
| Other state sources | 54,724 | - | 1,926,125 | 13 | 1,980,862 |
| Other local sources | 3,963,228 | 1,482,054 | - | 1,688,833 | 7,134,115 |
| Total revenues | 5,108,549 | 1,482,054 | 1,926,125 | 1,688,846 | 10,205,574 |
| Expenditures | | | | | |
| Current | | | | | |
| Pupil services | | | | | |
| Food services | 6,216,994 | - | - | - | 6,216,994 |
| Plant services | - | 528,757 | - | 222,758 | 751,515 |
| Facility acquisition and construction | 5,755 | 1,666,447 | - | 2,477,768 | 4,149,970 |
| Debt service | | | | | |
| Principal | 45,685 | - | - | 2,317,349 | 2,363,034 |
| Interest and other | 369 | - | - | 1,292,193 | 1,292,562 |
| Total expenditures | 6,268,803 | 2,195,204 | - | 6,310,068 | 14,774,075 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,160,254) | (713,150) | 1,926,125 | (4,621,222) | (4,568,501) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 1,010,359 | - | - | 2,344,675 | 3,355,034 |
| Transfers out | - | - | (1,926,125) | (767,763) | (2,693,888) |
| Total other financing sources (uses) | 1,010,359 | - | (1,926,125) | 1,576,912 | 661,146 |
| Net Change in Fund Balances | (149,895) | (713,150) | - | (3,044,310) | (3,907,355) |
| Fund Balance, Beginning of Year | 375,768 | 8,279,481 | - | 17,401,687 | 26,056,936 |
| Fund Balance, End of Year | $ 225,873 | $ 7,566,331 | $ - | $ 14,357,377 | $ 22,149,581 |

## Note 1 - Purpose of Schedules

### Schedule of Expenditures of Federal Awards (SEFA)

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance. No Federal financial assistance has been provided to a subrecipient.

### Local Education Agency Organization Structure

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

### Schedule of Average Daily Attendance (ADA)

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

### Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201. Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 69 days due to the pandemic. In addition, planned minutes covered by the COVID-19 School certification were included in the Actual Minutes column, but were not actually offered due to the COVID-19 school closure.

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

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

### Schedule of Financial Trends and Analysis

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

**Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2020

# San Ramon Valley Unified School District

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

To the Board of Directors
San Ramon Valley Unified School District
San Ramon, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Ramon Valley Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise San Ramon Valley Unified School District's basic financial statements and have issued our report thereon dated April 26, 2021.

**Internal Control over Financial Reporting**
In planning and performing our audit of the financial statements, we considered San Ramon Valley Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Ramon Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Ramon Valley 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.



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

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

Eide Bailly LLP

San Ramon, California
April 26, 2021

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

To the Board of Directors
San Ramon Valley Unified School District
San Ramon, California

**Report on Compliance for Each Major Federal Program**
We have audited San Ramon Valley 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 San Ramon Valley Unified School District's major federal programs for the year ended June 30, 2020. San Ramon Valley 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 San Ramon Valley 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 San Ramon Valley 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 San Ramon Valley Unified School District's compliance.



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**Opinion on Each Major Federal Program**
In our opinion, San Ramon Valley Unified School District's 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, 2020.

**Report on Internal Control over Compliance**
Management of San Ramon Valley 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 San Ramon Valley 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 the San Ramon Valley 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Eide Bailly LLP

San Ramon, California
April 26, 2021

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
San Ramon Valley Unified School District
San Ramon, California

**Report on State Compliance**

We have audited San Ramon Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

**Management's Responsibility**

Management is responsible for compliance with the state laws and regulations as identified in the table below.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's 'compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's 'compliance.



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**Compliance Requirements Tested**

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

| | Procedures Performed |
|---|---|
| LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS | |
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | Yes |
| Continuation Education | No, see below |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | No, see below |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | No, see below |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | No, see below |
| Comprehensive School Safety Plan | Yes |
| District of Choice | No, see below |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program: | |
| General Requirements | No, see below |
| After School | No, see below |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control Accountability Plan | Yes |
| Independent Study - Course Based | No, see below |
| CHARTER SCHOOLS | |
| Attendance | No, see below |
| Mode of Instruction | No, see below |
| Nonclassroom-Based Instruction/Independent Study for Charter Schools | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instruction Minutes Classroom-Based | No, see below |
| Charter School Facility Grant Program | No, see below |

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

The District does not offer an After/Before School Education and Safety Program; therefore, we did not perform procedures related to the After/Before School Education and Safety Program.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

The District does not offer an Independent Study – Course Based Program; therefore, we did not perform any procedures for the Independent Study – Course Based Program.

The District does not have any dependent Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

**Unmodified Opinion**
In our opinion, San Ramon Valley Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

San Ramon, California
April 26, 2021

## Section I – Summary of Auditor's Results

### FINANCIAL STATEMENTS

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Noncompliance material to financial statements noted? | No |

### FEDERAL AWARDS

| | |
|---|---|
| Internal control over major program: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No |

**Identification of major programs:**

| Name of Federal Program or Cluster | CFDA Number |
|---|---|
| Child Nutrition Cluster | 10.555 |
| Special Education Cluster | 84.027, 84.173 |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

### STATE COMPLIANCE

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

**Section II – Financial Statement Findings and Questioned Costs**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Compliance Findings and Questioned Costs**

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.