Annual Financial Report
June 30, 2019

Temple City Unified School District

EideBailly

eidebailly.com

TEMPLE CITY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2019

TEMPLE CITY UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS
JUNE 30, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

This page left blank intentionally.

INDEPENDENT AUDITOR'S REPORT

Governing Board
Temple City Unified School District
Temple City, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

What inspires you, inspires us. | eidebailly.com

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Temple City Unified School District, as of June 30, 2019, 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.

Emphasis of Matter – Correction of an Error

As discussed in Note 15 to the financial statements, the District has restated beginning fund balance in the General Fund, Child Development Fund, and Cafeteria Fund. The General Fund restatement was a result of an overstatement of receivables and accounts payable. The Child Development Fund and Cafeteria Fund restatement was a result of an overstatement of accounts payable. In addition, beginning net position of the government-wide financial statements was restated due to an overstatement of receivables and accounts payable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 67, schedule of changes in the District's total OPEB liability and related ratios on page 68, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 69, schedule of the District's proportionate share of the net pension liability on page 70, and the schedule of District contributions on page 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the Temple Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Temple 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 Temple Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

The Primary unit of the government is the Temple City Unified School District.

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

- The District's net position of governmental activities decreased by $3,097,172 over the course of the year.
- Overall revenues were $77,617,406, $3,097,172 less than expenses.
- The total cost of basic programs was $80,714,578. Because a portion of these costs were paid for with charges for fees, grants and contributions, and intergovernmental aid, the net cost that required taxpayer funding was just $70,063,597.
- The District decreased its outstanding long-term obligations by $192,651, or 0.2 percent. Average daily attendance (ADA) in grades K-12 increased by 184, or 3.2 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(39,049,867) for the fiscal year ended June 30, 2019. Of this amount, $(64,340,347) was unrestricted. Restricted net position is reported separately to shows legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	(As Restated) 2018
Assets		
Current and other assets	$ 42,701,995	$ 50,971,231
Capital assets	99,859,703	89,714,983
Total Assets	142,561,698	140,686,214
Deferred Outflows of Resources	22,432,795	23,677,474
Liabilities		
Current liabilities	7,319,507	6,254,804
Long-term obligations	125,235,160	125,427,811
Aggregate net pension liability	65,751,461	63,287,556
Total Liabilities	198,306,128	194,970,171
Deferred Inflows of Resources	5,738,232	5,346,212
Net Position		
Net investment in capital assets	17,526,839	18,742,072
Restricted	7,763,641	6,966,047
Unrestricted (deficit)	(64,340,347)	(61,660,814)
Total Net Position (deficit)	$ (39,049,867)	$ (35,952,695)

The $(64,340,347) in unrestricted net deficit of governmental activities represent the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 8.6 percent $(64,340,347) compared to $(61,660,814).

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 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	$ 2,262,818	$ 2,808,991
Operating grants and contributions	8,388,163	7,689,080
General revenues:		
Federal and state aid not restricted	42,903,920	39,220,102
Property taxes	18,474,165	17,243,401
Other general revenues	5,588,340	7,185,924
Total Revenues	77,617,406	74,147,498
Expenses		
Instruction-related	54,106,524	49,264,317
Pupil services	7,001,398	6,505,117
Administration	5,594,838	5,215,313
Plant services	7,596,966	7,225,759
All other services	6,414,852	6,473,973
Total Expenses	80,714,578	74,684,479
Change in Net Position	$ (3,097,172)	$ (536,981)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $80,714,578. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $18,474,165 because the cost was paid by those who benefited from the programs ($2,262,818) or by other governments and organizations who subsidized certain programs with grants and contributions ($8,388,163). We paid for the remaining "public benefit" portion of our governmental activities with $48,492,260 in State unrestricted funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction-related	$ 54,106,524	$ 49,264,317	$ 46,999,619	$ 42,920,666
Pupil services	7,001,398	6,505,117	4,529,194	3,684,302
Administration	5,594,838	5,215,313	5,417,728	4,956,903
Plant services	7,596,966	7,225,759	7,585,642	7,225,482
All other services	6,414,852	6,473,973	5,531,414	5,399,055
Total	$ 80,714,578	$ 74,684,479	$ 70,063,597	$ 64,186,408

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $36,763,203 which is a decrease of $9,336,605 from last year (Table 4).

Table 4

	Balances and Activity			
	(As Restated) July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	$ 20,071,935	$ 69,912,460	$ 68,007,507	$ 21,976,888
Building Fund	19,032,076	333,906	12,633,565	6,732,417
Non-Major Governmental Funds	6,995,797	10,973,437	9,915,336	8,053,898
Total	$ 46,099,808	$ 81,219,803	$ 90,556,408	$ 36,763,203

The primary reasons for changes are the following:

1. The General Fund is the District's principal operating fund. The fund balance of the General Fund increased by $1,904,953 from the previous year due to the receipt of one-time monies.

2. The Building Fund decreased by $12,299,659 from the previous year due to the modernization of several school sites.

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 26, 2019. (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 67.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $99,859,703 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $10,144,720, or 11.3 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land and construction in progress	$ 18,659,459	$ 17,716,800
Land improvements, net of accumulated depreciation	3,147,014	3,316,342
Buildings and improvements, net of accumulated depreciation	76,607,868	67,163,726
Furniture and equipment, net of accumulated depreciation	1,445,362	1,518,115
Total	$ 99,859,703	$ 89,714,983

This year's additions totaled $12,712,592, with the majority of expenditures related to the modernization projects of multiple school sites. Existing general obligation bond funds were used for the majority of construction costs. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $97,488,304 in bonds outstanding versus $98,127,773 last year, a decrease of $639,469 or 0.7 percent. The District's long-term obligations consisted of the following:

Table 6

	Governmental Activities	
	2019	2018
General obligation bond	$ 97,488,304	$ 98,127,773
Premium on issuance	1,381,165	1,493,176
Compensated absences (vacation)	940,921	932,741
Capital lease obligations	3,106,404	3,360,179
Net other postemployment benefits (OPEB) liability	22,318,366	21,513,942
Total	$ 125,235,160	$ 125,427,811

Net Pension Liability (NPL)

At year end, the District has a net pension liability of $65,751,461 versus $63,287,556 last year, an increase of $2,463,905, or 3.9 percent.

ECONOMIC FACTORS AND NEXT' YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the District's Board and management has been working with School Services of California guidance to help navigate budget calculations related to the Local Control Funding Formula (LCFF).

The key assumptions in our revenue forecast are:

1. Full funding of the Local Control Funding Formula (LCFF)
2. Federal income will be projected at the prior year 2018-2019 level.
3. Other State income (categorical projects) will be projected at the prior year 2018-2019 level.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	24:1	1,494
Grades four through six	32:1	1,229
Grades seven through eight	34:1	911
Grades nine through twelve	34:1	1,985

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The purpose of the report is to provide citizens, students, investors, and creditors a general overview of the District's finances and to show accountability for the resources it receives. The unsettled nature of California school finance makes consistency and stability a challenging task, but it is hoped that this material will further the understanding of District operating performance. The substance of this report will evolve each year in conjunction with input from our independent auditors, the public, and District staff.

If you have questions about this report or need any additional information, please contact Marianne Sarrail, Chief Business Official at 9700 Las Tunas Drive, Temple City, CA 91780 or by phone at (626) 548-5018.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 39,867,945
Receivables	2,486,214
Prepaid expenses	10,198
Stores inventories	42,449
Other current assets	295,189
Capital assets	
Land and construction in process	18,659,459
Other capital assets	117,297,456
Less: Accumulated depreciation	(36,097,212)
Total Capital Assets	99,859,703
Total Assets	142,561,698
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,427,400
Deferred outflows of resources related to pensions	18,679,254
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	326,141
Total Deferred Outflows of Resources	22,432,795
LIABILITIES	
Accounts payable	5,281,523
Accrued interest payable	1,380,715
Unearned revenue	657,269
Long-term obligations	
Current portion of long-term obligations other than pensions	2,229,000
Noncurrent portion of long-term obligation other than pensions	123,006,160
Total Long-Term Obligations	125,235,160
Aggregate net pension liability	65,751,461
Total Liabilities	198,306,128
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	4,873,323
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	864,909
Total Deferred Inflows of Resources	5,738,232
NET POSITION	
Net investment in capital assets	17,526,839
Restricted for:	
Debt service	2,576,297
Capital projects	1,563,730
Educational programs	2,428,866
Other activities	1,194,748
Unrestricted	(64,340,347)
Total Net Position	$ (39,049,867)

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Total Governmental Activities**
Governmental Activities:				
Instruction	$ 47,348,731	$ 1,229,472	$ 5,188,727	$ (40,930,532)
Instruction-related activities:				
Supervision of instruction	1,508,908	34,830	390,649	(1,083,429)
Instructional library, media and technology	919,104	30	242,595	(676,479)
School site administration	4,329,781	16	20,586	(4,309,179)
Pupil services:				
Home-to-school transportation	606,979	-	-	(606,979)
Food services	2,349,785	549,510	963,407	(836,868)
All other pupil services	4,044,634	132,739	826,548	(3,085,347)
Administration:				
Data processing	1,501,555	-	-	(1,501,555)
All other administration	4,093,283	31,074	146,036	(3,916,173)
Plant services	7,596,966	29	11,295	(7,585,642)
Ancillary services	109,457	-	-	(109,457)
Community services	47	-	-	(47)
Enterprise services	298,723	-	-	(298,723)
Interest on long-term obligations	4,665,691	-	-	(4,665,691)
Other outgo	1,340,934	285,118	598,320	(457,496)
Total Governmental Activities	$ 80,714,578	$ 2,262,818	$ 8,388,163	$ (70,063,597)

General revenues and subventions:	
Property taxes, levied for general purposes	13,055,736
Property taxes, levied for debt service	5,382,454
Taxes levied for other specific purposes	35,975
Federal and State aid not restricted to specific purposes	42,903,920
Interest and investment earnings	1,652,032
Miscellaneous	3,936,308
Subtotal, General Revenues and Subventions:	66,966,425
Change in Net Position	(3,097,172)
Net Position - Beginning	(36,613,922)
Restatement	661,227
Net Position - Beginning, as restated	(35,952,695)
Net Position - Ending	$ (39,049,867)

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 24,351,941	$ 6,891,411	$ 8,624,593	$ 39,867,945
Receivables	2,202,235	47,884	236,095	2,486,214
Prepaid expenditures	10,198	-	-	10,198
Stores inventories	4,824	-	37,625	42,449
Other current assets	295,189	-	-	295,189
Total Assets	$ 26,864,387	$ 6,939,295	$ 8,898,313	$ 42,701,995
BALANCES				
Liabilities:				
Accounts payable	$ 4,702,545	$ 206,878	$ 372,100	$ 5,281,523
Unearned revenue	184,954	-	472,315	657,269
Total Liabilities	4,887,499	206,878	844,415	5,938,792
Fund Balances:				
Nonspendable	30,022	-	37,651	67,673
Restricted	2,428,866	6,732,417	6,715,490	15,876,773
Committed	-	-	1,300,273	1,300,273
Assigned	1,821,673	-	484	1,822,157
Unassigned	17,696,327	-	-	17,696,327
Total Fund Balances	21,976,888	6,732,417	8,053,898	36,763,203
Total Liabilities and Fund Balances	$ 26,864,387	$ 6,939,295	$ 8,898,313	$ 42,701,995

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		$ 36,763,203
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 135,956,915	
Accumulated depreciation is:	(36,097,212)	
Net Capital Assets		99,859,703
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,380,715)
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is greater) and are included with governmental activities.		3,427,400
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	6,220,778	
Net change in proportionate share of net pension liability	1,755,285	
Difference between projected and actual earnings on pension plan investments	154,095	
Differences between expected and actual experience in the measurement of the total pension liability.	1,377,238	
Changes of assumptions	9,171,858	
Total Deferred Outflows of Resources Related to Pensions		18,679,254

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

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

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (2,382,707)	
Difference between projected and actual earnings on pension plan investments	(1,808,431)	
Differences between expected and actual experience in the measurement of the total pension liability.	(682,185)	
Total Deferred Outflows of Resources Related to Pensions		$ (4,873,323)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits come due subsequent to the measurement date.		326,141
Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of change of assumptions.		(864,909)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(65,751,461)
Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds	(88,005,112)	
Unamortized premium on issuance	(1,381,165)	
Capital lease obligations	(3,106,404)	
Compensated absences (vacations)	(940,921)	
Net other postemployment benefits (OPEB) liability	(22,318,366)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	(9,483,192)	
Total Long-Term Obligations		(125,235,160)
Total Net Position - Governmental Activities		$ (39,049,867)

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 52,579,525	$ -	$ -	$ 52,579,525
Federal sources	2,854,696	-	1,145,917	4,000,613
Other State sources	8,512,339	-	448,602	8,960,941
Other local sources	5,965,900	333,906	7,541,531	13,841,337
Total Revenues	69,912,460	333,906	9,136,050	79,382,416
EXPENDITURES				
Current				
Instruction	42,592,422	-	877,465	43,469,887
Instruction-related activities:				
Supervision of instruction	1,440,944	-	-	1,440,944
Instructional library, media and technology	842,671	-	-	842,671
School site administration	3,885,568	-	165,605	4,051,173
Pupil services:				
Home-to-school transportation	573,150	-	-	573,150
Food services	34,836	-	2,176,089	2,210,925
All other pupil services	3,832,163	-	-	3,832,163
Administration:				
Data processing	1,406,019	-	-	1,406,019
All other administration	3,736,503	-	107,174	3,843,677
Plant services	5,719,793	-	1,452,090	7,171,883
Ancillary services	107,133	-	-	107,133
Other outgo	1,340,934	-	-	1,340,934
Enterprise services	298,723	-	-	298,723
Facility acquisition and construction	-	12,633,565	-	12,633,565
Debt service				
Principal	253,775	-	1,820,000	2,073,775
Interest and other	105,486	-	3,316,913	3,422,399
Total Expenditures	66,170,120	12,633,565	9,915,336	88,719,021
Excess (Deficiency) of Revenues Over Expenditures	3,742,340	(12,299,659)	(779,286)	(9,336,605)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,837,387	1,837,387
Transfers out	(1,837,387)	-	-	(1,837,387)
Net Financing Sources (Uses)	(1,837,387)	-	1,837,387	-
NET CHANGE IN FUND BALANCES	1,904,953	(12,299,659)	1,058,101	(9,336,605)
Fund Balance - Beginning	19,524,021	19,032,076	6,882,484	45,438,581
Restatement	547,914	-	113,313	661,227
Fund Balance - Beginning, as restated	20,071,935	19,032,076	6,995,797	46,099,808
Fund Balances - Ending	$ 21,976,888	$ 6,732,417	$ 8,053,898	$ 36,763,203

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds		$ (9,336,605)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeded depreciation in the period.		
Capital outlays	$ 12,712,592	
Depreciation expense	(2,567,872)	
Net Expense Adjustment		10,144,720
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 year, vacation earned was more than amounts used by $8,180.		(8,180)
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.		(3,085,675)
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.		(1,641,915)

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

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

Repayment of principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	$ 1,820,000	
Capital lease obligations	253,775	
Combined Adjustment		$ 2,073,775
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustment combines the net changes of the following balances:		
Premium on issuance for general obligation bonds	112,011	
Amortization of deferred amount on refunding	(177,438)	
Combined Adjustment		(65,427)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest increase by $2,666 and second, $1,180,531 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(1,177,865)
Change in Net Position of Governmental Activities		$ (3,097,172)

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

TEMPLE CITY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency Fund Associated Student Body
ASSETS	
Deposits and investments	$ 399,430
Stores inventories	10,052
Total Assets	$ 409,482
LIABILITIES	
Accounts payable	$ 470
Due to student groups	409,012
Total Liabilities	$ 409,482

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

This page left blank intentionally.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Temple City Unified School District (the District) was unified on July 1, 1954, 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 four elementary schools, one middle school, one high school, one continuation high school, one adult education program, and one independent student program.

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

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 and fiduciary.

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

Major Governmental Funds

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

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $1,821,673.

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

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.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

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

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred purposes (*Education Code* Section 17582).

Capital Project Funds The Capital Project funds are used to account for financial resources that are 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).

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).

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

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

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

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

Basis of Accounting - Measurement Focus

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

The government-wide financial *Statement of Activities* presents a comparison between expenses, both direct and indirect, of the District and for each governmental program, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities.* 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 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 net asset use.

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

Governmental Funds All governmental funds are accounted for using a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

Investments

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

Prepaid Expenditures (Expense)

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental 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. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial *Statement of Net Position*. The valuation basis for general capital assets are 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.

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

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.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2019. 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 $7,763,641 of restricted net position.

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 charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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 on 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 Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

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

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

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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.

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. Management is evaluating the impact of the adoption of this standard.

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

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

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

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

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	$ 39,867,945
Fiduciary funds	399,430
Total Deposits and Investments	$ 40,267,375

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

Cash on hand and in banks	$ 421,497
Cash in revolving	15,026
Investments	39,830,852
Total Deposits and Investments	$ 40,267,375

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.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool.

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	Weighted Average Maturity in Days
Los Angeles County Investment Pool	$ 39,830,852	547

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Minimum Legal Rating	Rating as of June 30, 2019	Reported Amount
Los Angeles County Investment Pool	Not Required	Not Rated	$ 39,830,852

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $134,487 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 reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

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

Investment Type	Reported Amount	Uncategorized
Los Angeles County Investment Pool	$ 39,830,852	$ 39,830,852

NOTE 4 - RECEIVABLES

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 1,585,924	$ -	$ 164,969	$ 1,750,893
State Government				
Lottery	278,806	-	-	278,806
Other State	123,752	-	9,643	133,395
Local Government				
Interest	111,915	47,884	18,651	178,450
Other Local Sources	101,838	-	42,832	144,670
Total	$ 2,202,235	$ 47,884	$ 236,095	$ 2,486,214

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 1,990,997	$ -	$ -	$ 1,990,997
Construction in progress	15,725,803	12,633,565	11,690,906	16,668,462
Total Capital Assets Not Being Depreciated	17,716,800	12,633,565	11,690,906	18,659,459
Capital Assets Being Depreciated				
Land improvements	5,741,871	-	-	5,741,871
Buildings and improvements	95,921,863	11,690,906	-	107,612,769
Furniture and equipment	3,863,789	79,027	-	3,942,816
Total Capital Assets Being Depreciated	105,527,523	11,769,933	-	117,297,456
Total Capital Assets	123,244,323	24,403,498	11,690,906	135,956,915
Less Accumulated Depreciation				
Land improvements	2,425,529	169,328	-	2,594,857
Buildings and improvements	28,758,137	2,246,764	-	31,004,901
Furniture and equipment	2,345,674	151,780	-	2,497,454
Total Accumulated Depreciation	33,529,340	2,567,872	-	36,097,212
Governmental Activities Capital Assets, Net	$ 89,714,983	$ 21,835,626	$ 11,690,906	$ 99,859,703

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

Governmental Activities	
Instruction	$ 1,639,826
Supervision of instruction	43,986
Instructional library, media, and technology	30,287
School site administration	157,328
Home-to-school transportation	33,829
Food services	90,987
All other pupil services	123,755
Ancillary services	2,116
Community services	47
Data processing	50,019
All other administration	134,088
Plant services	261,604
Total Depreciation Expenses Governmental Activities	$ 2,567,872

NOTE 6 - INTERFUND TRANSACTIONS

Operating Transfers

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

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future deferred maintenance projects.	$ 1,837,387

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, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Fund
Vendor payables	$ 1,127,235	$ -	$ 203,907	$ 1,331,142	$ 470
State principle apportionment	678,644	-	-	678,644	-
Salaries and benefits	2,896,666	-	168,193	3,064,859	-
Construction	-	206,878	-	206,878	-
Total	$ 4,702,545	$ 206,878	$ 372,100	$ 5,281,523	$ 470

NOTE 8 - UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 238	$ -	$ 238
State categorical aid	182,784	-	182,784
Other local	1,932	472,315	474,247
Total	$ 184,954	$ 472,315	$ 657,269

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations for the year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General Obligation Bonds	$ 98,127,773	$1,180,531	$ 1,820,000	$ 97,488,304	$1,950,000
Premium on issuance	1,493,176	-	112,011	1,381,165	-
Capital Leases	3,360,179	-	253,775	3,106,404	279,000
Compensated absences (vacation)	932,741	8,180	-	940,921	-
Net OPEB Liability	21,513,942	2,196,490	1,392,066	22,318,366	-
	$ 125,427,811	$3,385,201	$ 3,577,852	$ 125,235,160	$2,229,000

Payments on general obligation bonds are made in the Bond Interest and Redemption Fund. Payments for capital lease obligations are made in the General Fund. Compensated absences will be paid by the fund for which the employee worked. Net other postemployment benefits (OPEB) liability will be paid by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Capital Appreciation	Redeemed	Bonds Outstanding June 30, 2019
8/12/1998	8/1/2018	3.90% - 5.25%	$ 18,593,249	$ 1,511,124	$ 23,876	$ 1,535,000	$ -
9/6/2001	8/1/2028	2.75% - 6.00%	5,406,501	10,989,025	609,136	125,000	11,473,161
8/11/2005	8/1/2022	3.50% - 5.25%	12,745,000	8,740,000	-	160,000	8,580,000
8/7/2013	8/1/2043	4.00% - 6.48%	39,998,164	23,487,274	379,173	-	23,866,447
2/14/2017	8/1/2047	3.00% - 6.06%	33,457,588	33,680,350	168,346	-	33,848,696
2/14/2017	8/1/2043	2.00% - 5.00%	19,745,000	19,720,000	-	-	19,720,000
			$129,945,502	$ 98,127,773	$ 1,180,531	$ 1,820,000	$ 97,488,304

Debt Service Requirements to Maturity

The bonds mature through August 1, 2047, as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Total
2020	$ 1,948,230	$ 1,770	$ 2,862,888	$ 4,812,888
2021	2,289,388	10,612	2,858,763	5,158,763
2022	2,636,385	18,615	2,848,238	5,503,238
2023	3,113,842	26,158	2,831,563	5,971,563
2024	726,190	38,810	3,022,936	3,787,936
2025-2029	19,038,604	7,536,396	15,881,046	42,456,046
2030-2034	7,029,349	1,345,651	15,378,671	23,753,671
2035-2039	7,611,390	1,408,610	12,919,019	21,939,019
2040-2044	25,859,926	1,240,074	8,510,700	35,610,700
2045-2048	27,235,000	-	2,255,900	29,490,900
Total	$ 97,488,304	$ 11,626,696	$ 69,369,724	$ 178,484,724

General Obligation Bonds

1998 General Obligation Bonds, Series B On September 6, 2001, the District issued $5,406,501 in 1998 General Obligation Bonds, Series B. The bonds mature on August 1, 2028, with interest rates ranging from 2.75 to 6.00 percent. The proceeds from the sale of the bonds will be used to renovate, construct, and modernize classrooms and school facilities.	$ 11,473,161
2005 General Obligation Refunding Bonds On August 11, 2005, the District issued $12,745,000 in 2005 General Obligation Refunding Bonds. The bonds mature on August 1, 2022, with interest rates ranging from 3.50 to 5.25 percent. The proceeds from the sale of the bonds will be used to refund a portion of the current interest bonds related to the 1998 General Obligation Bonds, Series A.	8,580,000
2012 General Obligation Bonds, Series A On August 7, 2013, the District issued $39,998,164 in 2012 General Obligation Bonds, Series A. The bonds mature on August 1, 2043, with interest rates ranging from 4.00 to 6.48 percent. The proceeds from the sale of the bonds will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities.	23,866,447
2012 General Obligation Bonds, Series B On February 14, 2017, the District issued $33,457,588 in 2012 General Obligation Bonds, Series B. The bonds mature on August 1, 2047, with interest rates ranging from 3.00 to 6.06 percent. The proceeds from the sale of the bonds will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities.	33,848,696
2017 General Obligation Refunding Bonds In 2017, the District issued $19,745,000 of the 2017 General Obligation Refunding Bonds. The bonds mature on August 1, 2043, with interest rates ranging from 2.00 to 5.00 percent. The proceeds from the sale of the bonds will be used to refund a portion of the District's outstanding Election of 2012 General Obligation Bonds, Series A.	19,720,000
Subtotal bonds outstanding	97,488,304

Premium on 1998 General Obligation Bonds, Series B	$ 54,713
Premium on 2005 General Obligation Refunding Bonds	265,163
Premium on 2012 General Obligation Bonds, Series A	292,037
Premium on 2012 General Obligation Bonds, Series B	398,402
Premium on 2017 General Obligation Refunding Bonds	370,850
Subtotal premium on bonds	1,381,165
Deferred amount on 2005 General Obligation Refunding Bonds	(191,237)
Deferred amount on 2017 General Obligation Refunding Bonds	(3,236,163)
Subtotal deferred amount on refunding	(3,427,400)
	$ 95,442,069

Capital Lease

The District has entered into an agreement to lease equipment. Such agreement is, in substance, a purchase (capital lease) and is reported as a capital lease obligation. The District's liability on the lease agreement is summarized below:

	Energy Management Equipment
Balance, July 1, 2018	$ 3,912,467
Payments	359,262
Balance, June 30, 2019	$ 3,553,205

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2020	$ 376,754
2021	394,922
2022	415,782
2023	444,844
2024	467,194
2025-2027	1,453,709
Total	3,553,205
Less: Amount Representing Interest	446,801
Present Value of Minimum Lease Payments	$ 3,106,404

Buildings and improvements under capital leases in capital assets at June 30, 2019, include the following:

Buildings and improvements	$ 6,779,280
Less: accumulated depreciation	(2,203,266)
	$ 4,576,014

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

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $940,921.

Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 21,967,293	$ 326,141	$ 864,909	$ 1,675,355
Medicare Premium Payment (MPP) Program	351,073	-	-	(33,440)
Total	$ 22,318,366	$ 326,141	$ 864,909	$ 1,641,915

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

As of June 30, 2017, valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	100
Active employees	568
	668

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Temple City Education Association (TCEA), 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, TCEA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid $326,141 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $21,967,293 was measured as of June 30, 2018 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as June 30, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.80 percent
Health care cost trend rates	4.00 percent for 2018

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 actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 21,129,429
Service cost	1,375,212
Interest	821,278
Changes of assumptions	(949,705)
Benefit payments	(408,921)
Net change in total OPEB liability	837,864
Balance at June 30, 2018	$ 21,967,293

Change in assumptions reflects a change in the discount rate from 3.50 percent in 2018 to 3.80 percent in 2019.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.8%)	$ 25,229,704
Current discount rate (3.8%)	21,967,293
1% increase (4.8%)	19,221,940

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3%)	$ 20,938,912
Current healthcare cost trend rate (4%)	21,967,293
1% increase (5%)	23,331,392

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

For the year ended June 30, 2019, the District recognized OPEB expense of $1,675,355. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amounts paid by the District for OPEB as the benefits come due subsequent to measurement date	$ 326,141	$ -
Changes of assumptions	-	864,909
Total	$ 326,141	$ 864,909

The deferred outflows of resources related to the amount paid by the District for OPEB as the benefits come due subsequent to measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

The deferred inflows of resources related to the change of assumptions will be recognized as OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ (84,796)
2021	(84,796)
2022	(84,796)
2023	(84,796)
2024	(84,796)
Thereafter	(440,929)
	$ (864,909)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $351,073 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, was 0.0917 percent and 0.0914 percent, respectively, resulting in a net increase in the proportionate share of 0.0003 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(33,440).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability
1% decrease (2.87%)	$ 388,304
Current discount rate (3.87%)	351,073
1% increase (4.87%)	317,456

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 320,143
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	351,073
1% increase (4.7% Part A and 5.1% Part B)	384,338

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 15,000	$ -	$ 26	$ 15,026
Stores inventories	4,824	-	37,625	42,449
Prepaid expenditures	10,198	-	-	10,198
Total Nonspendable	30,022	-	37,651	67,673
Restricted				
Legally restricted programs	2,428,866	-	1,194,748	3,623,614
Capital projects	-	6,732,417	1,563,730	8,296,147
Debt services	-	-	3,957,012	3,957,012
Total Restricted	2,428,866	6,732,417	6,715,490	15,876,773
Committed				
Deferred maintenance program	-	-	1,300,273	1,300,273
Assigned				
OPEB Liability	1,821,673	-	-	1,821,673
Capital projects	-	-	484	484
Total Assigned	1,821,673	-	484	1,822,157
Unassigned				
Remaining unassigned	17,696,327	-	-	17,696,327
Total	$ 21,976,888	$ 6,732,417	$ 8,053,898	$ 36,763,203

NOTE 11 - RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases insurance through West San Gabriel Property and Liability Joint Powers Authority for first party damage with coverage up to a maximum of $50 million, subject to Self-Insured Retention of $10,000 per occurrence. The District also purchases insurance for general liability claims with coverage up to $5 million per occurrence with excess liability coverage up to $50 million per occurrence with no aggregate, all subject to a $10,000 Member Retained Limit per occurrence. The District purchases workers' compensation coverage from the West San Gabriel Workers' Compensation Joint Powers Authority with Statutory per occurrence limits with no deductibles.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 46,964,530	$ 13,344,503	$ 4,704,247	$ 5,476,978
CalPERS	18,786,931	5,307,333	169,076	3,802,057
Total	$ 65,751,461	$ 18,651,836	$ 4,873,323	$ 9,279,035

The details of each plan are as follows:

<u>California State Teachers' Retirement System (CalSTRS)</u>

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	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	10.250%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $4,426,173.

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

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

Total Net Pension Liability, Including State Share:	
District's proportionate share of net pension liability	$ 46,964,530
State's proportionate share of the net pension liability associated with the District	26,889,390
Total	$ 73,853,920

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, was 0.0511 percent and 0.0505 percent, respectively, resulting in a net increase/decrease in the proportionate share of 0.0006 percent.

For the year ended June 30, 2019, the District recognized pension expense of $5,476,978. In addition, the District recognized pension expense and revenue of $3,158,897 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,426,173	$ -
Net change in proportionate share of net pension liability	1,476,629	2,213,631
Differences between projected and actual earnings on pension plan investments	-	1,808,431
Differences between expected and actual experience in the measurement of the total pension liability	145,635	682,185
Change of assumptions	7,296,066	-
Total	$ 13,344,503	$ 4,704,247

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 392,661
2021	(284,926)
2022	(1,517,203)
2023	(398,963)
Total	$ (1,808,431)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,197,302
2021	1,197,302
2022	1,197,300
2023	940,464
2024	1,427,391
Thereafter	62,755
Total	$ 6,022,514

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 68,797,541
Current discount rate (7.10%)	46,964,530
1% increase (8.10%)	28,862,846

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $1,767,187.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $18,786,931. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, was 0.0705 percent and 0.0695 percent, respectively, resulting in a net increase in the proportionate share of 0.0010 percent.

For the year ended June 30, 2019, the District recognized pension expense of $3,802,057. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,767,187	$ -
Net change in proportionate share of net pension liability	278,656	169,076
Difference between projected and actual earnings on pension plan investments	154,095	-
Differences between expected and actual experience in the measurement of the total pension liability	1,231,603	-
Changes of assumptions	1,875,792	-
Total	$ 5,307,333	$ 169,076

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 560,477
2021	134,032
2022	(429,527)
2023	(110,887)
Total	$ 154,095

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,331,739
2021	1,435,758
2022	449,478
Total	$ 3,216,975

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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%)	$ 27,352,873
Current discount rate (7.15%)	18,786,931
1% increase (8.15%)	11,680,256

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amounts of $$4,286,946 and $636,961, respectively, (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Cloverly Elementary Bond Phase II	$ 270,823	December 2019
La Rosa Elementary School Modernization (Phase II)	384,173	December 2019
Temple City High School Phase 1B	5,155,495	December 2019
	$ 5,810,491	

NOTE 14 - PARTICIPATION JOINT POWERS AUTHORITY

The District is a member of the West San Gabriel Workers' Compensation Self-Insurance Authority, West San Gabriel Valley Benefits Joint Powers Authority, and West San Gabriel Liability and Property Self-Insurance Authority. The relationship between the District and the JPAs is such that it is not a component unit 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 JPA and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2019, the District made payments of $279,712, $1,136,462, and 394,075 to West San Gabriel Liability and Property Self-Insurance Authority, West San Gabriel Workers' Compensation Self-Insurance Authority, and West San Gabriel Valley Benefits Joint Powers Authority, respectively, for its property liability, workers' compensation, and health coverage.

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

Certain items that occur in the prior year net position and fund balances have been restated as of June 30, 2019, to more accurately reflect the substance of the underlying transactions. The following table summarizes the reason for the restatement. As a result, the effect on the current fiscal year is as follows:

Government-Wide - Statement of Net Position	
Net Position - Beginning	$ (36,613,922)
Overstatement of receivables	(298,091)
Overstatement of accounts payable	959,318
Net Position - Beginning as Restated	$ (35,952,695)
Major Governmental Funds - General Fund	
Fund Balance - Beginning	$ 19,524,021
Overstatement of receivables	(298,091)
Overstatement of accounts payable	846,005
Fund Balance - Beginning, as Restated	$ 20,071,935
Non-Major Governmental Funds - Child Development Fund	
Fund Balance - Beginning	$ 250,142
Overstatement of accounts payable	40,587
Fund Balance - Beginning, as Restated	$ 290,729
Non-Major Governmental Funds - Cafeteria Fund	
Fund Balance - Beginning	$ 504,391
Overstatement of accounts payable	72,726
Fund Balance - Beginning, as Restated	$ 577,117

This page left blank intentionally.

REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Control Funding Formula	$ 52,674,239	$ 53,049,587	$ 52,579,525	$ (470,062)
Federal sources	2,068,265	2,516,515	2,854,696	338,181
Other state sources	3,614,570	3,535,383	8,512,339	4,976,956
Other local sources	3,646,979	4,718,854	5,965,900	1,247,046
Total Revenues [1]	62,004,053	63,820,339	69,912,460	6,092,121
EXPENDITURES				
Current				
Certificated salaries	28,528,124	30,064,726	28,349,881	1,714,845
Classified salaries	9,213,742	9,864,940	9,750,814	114,126
Employee benefits	13,026,959	13,569,593	17,565,752	(3,996,159)
Books and supplies	1,500,403	3,161,243	1,996,391	1,164,852
Services and operating expenditures	6,799,118	7,174,556	6,893,893	280,663
Other outgo	-	1,142,322	1,233,758	(91,436)
Capital outlay	49,015	44,315	20,370	23,945
Debt service - principal	219,422	253,775	253,775	-
Debt service - interest	113,152	105,000	105,486	(486)
Total Expenditures [1]	59,449,935	65,380,470	66,170,120	(789,650)
Excess (Deficiency) of Revenues Over Expenditures	2,554,118	(1,560,131)	3,742,340	5,302,471
Other Financing Uses				
Transfers out	(1,517,913)	(1,517,913)	(1,837,387)	(319,474)
NET CHANGE IN FUND BALANCES	1,036,205	(3,078,044)	1,904,953	4,982,997
Fund Balance - Beginning, as restated	20,071,935	20,071,935	20,071,935	-
Fund Balance - Ending	$ 21,108,140	$ 16,993,891	$ 21,976,888	$ 4,982,997

[1] On behalf payments of $4,923,907 are included in the actual revenues and expenditures but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 1,375,212	$ 1,338,406
Interest	821,278	697,918
Changes of assumptions	(949,705)	-
Benefit payments	(408,921)	(393,193)
Net change in total OPEB liability	837,864	1,643,131
Total OPEB liability - beginning	21,129,429	19,486,298
Total OPEB liability - ending (a)	$ 21,967,293	$ 21,129,429
Covered-employee payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered-employee payroll	N/A[1]	N/A[1]

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

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

See accompanying note to required supplementary information

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.0917%	0.0914%
District's proportionate share of the net OPEB liability	$ 351,073	$ 384,513
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-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 become available, ten years of information will be presented.

See accompanying note to required supplementary information

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.0511%	0.0505%
District's proportionate share of the net pension liability	$ 46,964,530	$ 46,687,172
State's proportionate share of the net pension liability associated with the District	26,889,390	27,619,737
Total	$ 73,853,920	$ 74,306,909
District's covered - employee payroll	$ 27,539,092	$ 25,759,070
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	170.54%	181.25%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.0705%	0.0695%
District's proportionate share of the net pension liability	$ 18,786,931	$ 16,600,384
District's covered - employee payroll	$ 10,578,102	$ 8,481,063
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	177.60%	195.73%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information

2017	2016	2015
0.0516%	0.0550%	0.0520%
$ 41,748,055	$ 37,292,180	$ 30,387,240
23,766,423	19,723,452	18,325,054
$ 65,514,478	$ 57,015,632	$ 48,712,294
$ 25,796,850	$ 25,094,730	$ 23,762,558
161.83%	148.61%	127.88%
70%	74%	77%
0.0677%	0.0725%	0.0702%
$ 13,376,637	$ 10,688,887	$ 7,969,409
$ 8,104,617	$ 8,021,026	$ 7,382,337
165.05%	133.26%	107.95%
74%	79%	83%

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 4,426,173	$ 3,973,891
Contributions in relation to the contractually required contribution	(4,426,173)	(3,973,891)
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 27,187,795	$ 27,539,092
Contributions as a percentage of covered - employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 1,767,187	$ 1,642,885
Contributions in relation to the contractually required contribution	(1,767,187)	(1,642,885)
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 9,785,089	$ 10,578,102
Contributions as a percentage of covered - employee payroll	18.06%	15.53%

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

See accompanying note to required supplementary information

2017		2016		2015	
$	3,240,491	$	2,768,002	$	2,228,412
	(3,240,491)		(2,768,002)		(2,228,412)
$	-	$	-	$	-
$	25,759,070	$	25,796,850	$	25,094,730
	12.58%		10.73%		-8.88%
$	1,177,850	$	960,154	$	944,155
	(1,177,850)		(960,154)		(944,155)
$	-	$	-	$	-
$	8,481,063	$	8,104,617	$	8,021,026
	13.89%		11.85%		-11.77%

This page left blank intentionally.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code.* The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General Fund	$ 66,898,383	$ 68,007,507	$ 1,109,124

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

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

Change in Benefit Terms – There were no changes in benefit terms since the previous valuation.

Change of Assumptions – The discount rate changed from 3.50 percent in 2018 to 3.80 percent in 2019.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

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

This page left blank intentionally.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through West San Gabriel Valley Special Education Local Plan Area			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	$ 1,015,211
Preschool Grants, Part B, Section 619	84.173	13430	11,757
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	64,003
Passed through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	959,560
Title II, Part A, Supporting Effective Instruction	84.367	14341	145,502
English Language Acquisition State Grants			
Title III, English Learner Student Program	84.365	14346	138,132
Title III, Immigrant Student Program	84.365	15146	4,761
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	53,104
Total U.S. Department of Education			2,392,030
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13524	941,299
Food Distribution	10.555	13524	204,618
Total U.S. Department of Agriculture			1,145,917
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster:			
Medi-Cal Billing Option	93.778	10013	75,057
Total Expenditures of Federal Awards			$ 3,613,004

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Temple City Unified School District was established on July 1, 1954 and consists of an area comprising approximately four square miles in the West San Gabriel Valley. The District operates four elementary schools, one middle school, one high school, one continuation high school, one adult education program, and one independent student program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Matt Smith	President	2020
Donna Georgino	Vice President	2022
Dr. Mike Lin	Clerk	2022
Melissa Espinoza	Member	2020
Kenneth Knollenberg	Member	2020

ADMINISTRATION

Kimberly Fricker	Superintendent
Monica Makiewicz	Assistant Superintendent, Educational Services
Josh Porter	Assistant Superintendent, Curriculum and Instruction
Marianne Sarrail	Chief Business Official

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	1,435.29	1,439.58
Fourth through sixth	1,218.99	1,218.70
Seventh and eighth	906.50	908.58
Ninth through twelfth	1,933.56	1,944.36
Total Regular ADA	5,494.34	5,511.22
Extended Year Special Education		
Transitional kindergarten through third	3.80	3.80
Fourth through sixth	1.02	1.02
Seventh and eighth	2.14	2.14
Ninth through twelfth	2.89	2.89
Total Extended Year Special Education	9.85	9.85
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.76	0.77
Ninth through twelfth	6.46	6.26
Total Special Education, Nonpublic, Nonsectarian Schools	7.22	7.03
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.02	0.02
Ninth through twelfth	0.93	0.93
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.95	0.95
Total ADA	5,512.36	5,529.05

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,000	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,650	180	N/A	Complied
Grade 2		52,650	180	N/A	Complied
Grade 3		52,650	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,700	180	N/A	Complied
Grade 5		56,700	180	N/A	Complied
Grade 6		56,700	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,710	180	N/A	Complied
Grade 8		56,710	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		66,546	180	N/A	Complied
Grade 10		66,546	180	N/A	Complied
Grade 11		66,546	180	N/A	Complied
Grade 12		66,546	180	N/A	Complied

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund
FUND BALANCE	
Balance, June 30, 2019, Unaudited Actuals	$ 22,655,532
Increase in:	
Accounts payable	(678,644)
Balance, June 30, 2019, Audited Financial Statement	$ 21,976,888

See accompanying note to supplementary information.

This page left blank intentionally.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	(As Restated) 2018	2017
GENERAL FUND [3]				
Revenues	$ 62,117,260	$ 64,956,231	$ 61,681,587	$ 61,615,077
Expenditures	60,439,895	61,246,211	57,708,219	59,094,000
Other uses and transfers out	1,677,365	2,087,387	3,161,819	1,300,000
Total Expenditures and Other Uses	62,117,260	63,333,598	60,870,038	60,394,000
INCREASE IN FUND BALANCE	$ -	$ 1,622,633	$ 811,549	$ 1,221,077
ENDING FUND BALANCE	$ 20,155,215	$ 20,155,215	$ 18,532,582	$ 17,721,033
AVAILABLE RESERVES [2]	$ 12,840,954	$ 17,696,327	$ 12,617,592	$ 10,867,905
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [4]	20.67%	28.85%	20.51%	18.68%
LONG-TERM OBLIGATIONS	N/A	$ 125,235,160	$ 125,427,811	$ 125,127,972
K-12 AVERAGE DAILY ATTENDANCE AT P-2	5,397	5,512	5,696	5,751

The General Fund balance has increased by $2,434,182 over the past two years. No change is anticipated for fiscal year 2019-2020. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years. Total long-term obligations have increased by $107,188 over the past two years.

Average daily attendance has decreased by 239 over the past two years. Additional decline of 115 ADA is anticipated during fiscal year 2019-2020.

1 Budget 2020 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 Postemployment Benefits.

3 General Fund amounts do not include activity related to the consolidation of the Fund 20, Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

4 On behalf payments of $4,923,907, $1,991,237, and $2,229,660 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2019, 2018, and 2017.

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 648,365	$ 758,446	$ 267,707
Receivables	3,586	4,268	219,998
Stores inventories	-	-	37,625
Total Assets	$ 651,951	$ 762,714	$ 525,330
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 65,267	$ 71,981	$ 98,033
Unearned revenue	-	138,821	333,494
Total Liabilities	65,267	210,802	431,527
Fund Balances:			
Nonspendable	-	-	37,651
Restricted	586,684	551,912	56,152
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	586,684	551,912	93,803
Total Liabilities and Fund Balances	$ 651,951	$ 762,714	$ 525,330

See accompanying note to supplementary information.

Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ 1,437,092	$ 1,555,490	$ 481	$ 3,957,012	$ 8,624,593
-	8,240	3	-	236,095
-	-	-	-	37,625
$ 1,437,092	$ 1,563,730	$ 484	$ 3,957,012	$ 8,898,313
$ 136,819	$ -	$ -	$ -	$ 372,100
-	-	-	-	472,315
136,819	-	-	-	844,415
-	-	-	-	37,651
-	1,563,730	-	3,957,012	6,715,490
1,300,273	-	-	-	1,300,273
-	-	484	-	484
1,300,273	1,563,730	484	3,957,012	8,053,898
$ 1,437,092	$ 1,563,730	$ 484	$ 3,957,012	$ 8,898,313

See accompanying note to supplementary information.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ -	$ -	$ 1,145,917
Other state sources	350,000	-	60,656
Other local sources	14,410	1,030,139	593,376
Total Revenues	364,410	1,030,139	1,799,949
EXPENDITURES			
Current			
Instruction	258,405	619,060	-
Instruction-related activities:			
School site administration	15,709	149,896	-
Pupil services:			
Food services	-	-	2,176,089
Administration:			
All other administration	-	-	107,174
Plant services	4,491	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	278,605	768,956	2,283,263
Excess (Deficiency) of Revenues Over Expenditures	85,805	261,183	(483,314)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	85,805	261,183	(483,314)
Fund Balances - Beginning	500,879	250,142	504,391
Restatement	-	40,587	72,726
Fund Balances - Beginning, as restated	500,879	290,729	577,117
Fund Balances - Ending	$ 586,684	$ 551,912	$ 93,803

See accompanying note to supplementary information.

Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ 1,145,917
-	-	-	37,946	448,602
5,348	512,802	10	5,385,446	7,541,531
5,348	512,802	10	5,423,392	9,136,050
-	-	-	-	877,465
-	-	-	-	165,605
-	-	-	-	2,176,089
-	-	-	-	107,174
1,447,599	-	-	-	1,452,090
-	-	-	1,820,000	1,820,000
-	-	-	3,316,913	3,316,913
1,447,599	-	-	5,136,913	9,915,336
(1,442,251)	512,802	10	286,479	(779,286)
1,837,387	-	-	-	1,837,387
395,136	512,802	10	286,479	1,058,101
905,137	1,050,928	474	3,670,533	6,882,484
-	-	-	-	113,313
905,137	1,050,928	474	3,670,533	6,995,797
$ 1,300,273	$ 1,563,730	$ 484	$ 3,957,012	$ 8,053,898

This page left blank intentionally.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Medi-Cal Billing Option funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, Medi-Cal Administrative Activities funds have been recorded in the current period as revenues that have not been expended as of June 30, 2019. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances:		$ 4,000,613
Medi-Cal Billing Option	93.778	42,602
Medi-Cal Administrative Activities	93.778	(430,211)
Total Schedule of Expenditures of Federal Awards		$ 3,613,004

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/County Office of Education has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports

This page left blank intentionally.

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

Governing Board
Temple City Unified School District
Temple City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Temple City Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Temple City Unified School District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Emphasis of Matter – Correction of an Error

As discussed in Note 15 to the financial statements, the District has restated beginning fund balance in the General Fund, Child Development Fund, and Cafeteria Fund. The General Fund restatement was a result of an overstatement of receivables and accounts payable. The Child Development Fund and Cafeteria Fund restatement was a result of an overstatement of accounts payable. In addition, beginning net position of the government-wide financial statements was restated due to an overstatement of receivables and accounts payable. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

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

What inspires you, inspires us. | eidebailly.com
10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Temple City Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

We noted certain matters that we reported to management of Temple City Unified School District in a separate letter dated December 6, 2019.

Temple City Unified School District's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

EideBailly®

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Temple City Unified School District
Temple City, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the 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 Temple City 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 Temple City 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 Temple City Unified School District's compliance.

What inspires you, inspires us. | eidebailly.com

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Temple City 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 Temple City 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 Temple City 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

Rancho Cucamonga, California
December 6, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Temple City Unified School District
Temple City, California

Report on State Compliance

We have audited Temple City Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Temple City Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws, regulations, and the terms and conditions of its state awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Temple City Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Temple City 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. Our audit does not provide a legal determination of Temple City Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Temple City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Temple City Unified School District's compliance with the state 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	No, see below
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	No, see below
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 Instructional Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District's Independent Study Program ADA is below the level required for testing; therefore, we did not perform procedures related to the Independent Study Program.

The District's Continuation Education Program ADA is below the level required for testing; therefore, we did not perform procedures related to the Continuation Education Program.

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

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

The District does not offer a Middle or Early College High School Program; therefore, we did not perform any procedures related to the Middle or Early College High School 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 procedures related to the District of Choice Program.

The District did not have expenditures related to the California Clean Energy Jobs Act; therefore, we did not performed procedures related to the California Clean Energy Jobs Act.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

This page left blank intentionally.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

This page left blank intentionally.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Number	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster

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

STATE AWARDS

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

The following findings represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2019-001 30000 – Financial Statement Preparation and Audit Adjustments

Criteria

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting and the ability to convert the trial balance from modified accrual to full accrual under the requirements of the Governmental Accounting Standards Board (GASB). It also includes the ability to prepare the required footnote disclosures by GASB. Additionally, this includes posting of all material adjustments necessary to accurately reflect the activity of the District throughout the year.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries, government–wide reporting conversion entries and footnotes.

Questioned costs

There were no direct questioned costs associated with the condition identified.

Context

Certain accrual closing entries related to receivables and accounts payable were misstated.

Effect

The auditor proposed certain accrual closing entries, government–wide reporting conversion entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles to address the restatement of receivables and accounts payable.

Cause

The cause of the condition identified appears to have been triggered by the recent changes in the District's business department personnel.

Recommendation

Management and those charged with governance should implement a control system which allows for the monitoring of receivables, accounts payable, and the related disclosure and consider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan

The District agrees that having an internal control system over monitoring financial reporting is an important part of the District's overall internal control process. The District has created processes to monitor and implement these controls.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

TEMPLE CITY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Awards Findings

2018-001 70000

Criteria or Specific Requirements

As required by *Education Code section 60119*, the governing board shall hold a public hearing or hearings at which the governing board shall make a determination, through a resolution, as to whether each pupil in each school in the District has sufficient textbooks or instructional materials. The public hearing is required to take place on or before the end of the eighth week from the first day pupils attend school for that year.

Condition

The District is required to hold a public hearing on or before the end of the eighth week from the first day pupils attended school for the year. The District held the public hearing on October 18, 2017 which was 1 day after the deadline of October 17, 2017.

Questioned Costs

No questioned costs

Context

The District did not hold a public hearing within the time frame required.

Effect

As a result of our testing, the District was not compliant with *Education Code section 60119* for the 2017-2018 fiscal year since the District did not hold the public hearing in a timely manner.

Cause

The District did not monitor the date to ensure it was performed within the required time frame.

Recommendation

It is recommended that the District implement procedures to ensure that the public hearing is performed in the time frame as noted in the above referenced education code.

Current Status

Implemented

Management
Temple City Unified School District
Temple City, California

In planning and performing our audit of the financial statements of Temple City Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2019 on the government-wide financial statements of the District.

DISTRICT OFFICE

STRS On-Behalf Contribution

Observation

We noted that the District is not in line with guidance issued by the CDE related to STRS On-Behalf Pension Contribution, Resource 7690. As of June 30, 2019, the District did not make the appropriate entry to reflect the STRS On-Behalf Pension Contribution.

Recommendation

The CDE has established restricted Resource 7690, STRS On-Behalf Pension Contributions, to account for the receipt and expenditure of the financial assistance represented by the State's contribution. We recommend that the District prepare the entry for STRS On-Behalf Pension Contributions using Resource 7690 in order to adjust the fund statements necessary for both the fund statements and the government-wide statements to be correct in accordance with CDE guidance and Generally Accepted Accounting Principles.

ASSOCIATED STUDENT BODY (ASB)

Oak Avenue Middle School - Disbursements

Observation

In reviewing the cash disbursement procedures at the site, it was noted that several disbursements reviewed had check requests that did not contain proper approvals.

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference.* The manual explains that three signatures, one being a student representative, are required pursuant to California *Educational Code* Section 48933 on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise.

Oak Avenue Middle School - Master Ticket Log

Observation

A master ticket log is not being properly used. The site is using log as a sales report. Furthermore, the ASB Bookkeeper could not locate the orange roll as noted in the ticket sales log. No log of a blue ticket roll was noted as observed by the auditor. The blue ticket roll was turned in to the front office.

Recommendation

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role and should be updated after every event. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

Temple City High School – Master Ticket Log

Observation

A master ticket log is not being properly used. Site is using log as a sales report. Furthermore, client could not locate the orange ticket roll as noted in the ticket sales log. No log of a blue ticket roll was noted as observed by auditor.

Recommendation

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role and should be updated after every event. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

Temple City High School - Disbursements

Observation

In reviewing the cash disbursement procedures at the site, we noted that disbursements tested were missing preapproval. Expenditures are being incurred prior to approval by the student council.

Recommendation

California *Educational Code* Section 48933 requires that ASB funds be spent with preapproval of three people: an employee or official of the school district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization.

Temple City High School – Student Store Daily Sales Form

Observation

Student store daily closeouts were not being completed as outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference.* We could not track items sold as there is not an inventory that is maintained. We were also unable to count the student store cash drawer during operating hours.

Recommendation

According to the policies and procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*, identifies steps for reconciling cash. At the end of the day, cash register tape total should equal the total of the cash collected. Also, the total cash register should be counted and recorded on the ASB Cash Count Form. The Advisor should immediately investigate any significant difference between the cash register tape and the amount reported on the ASB Cash Count Form. The advisor should provide the ASB Bookkeeper the ASB Cash Count Form and the register tape. The cash and checks should be counted in the presence of both parties. Both parties should sign and keep copies of the receipt as verification that the cash was deposited with the ASB bookkeeper.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019