WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District Lincoln, 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 Western Placer Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western Placer Unified School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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 4 to 13 and other Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 55 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Placer Unified School District's basic financial statements. The accompanying Schedule of Expenditure 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 Award*s and the other supplementary information 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 Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021 on our consideration of Western Placer 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 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 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 Western Placer Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

The management's discussion and analysis of Western Placer Unified School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 through 3, notes to the financial statements on pages 23 through 54, and the District's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- California K-12 education finance has fully implemented the new funding model "Local Control Funding Formula" (LCFF).

- In 2019-20, the District's Total Assets increased by $75,627,602 which represents an 23.31% increase from the 2018-19 fiscal year. The increase was primarily due to increases in capital assets, specifically buildings, site improvements with completed construction at Glen Edwards Middle School and Scott M. Leaman Elementary School and work in progress (WIP) at Twelve Bridges High School of a net $72.8 million.

- The District's Net Position decreased by $4.67 million from June 30, 2019. Total revenues were $103,410,516, compared to $98,742,618 in expenditures.

- The fund balance of the General Fund increased overall by $3,600,273 from the prior year ending the year at $15,627,067. The fund balance in the undesignated fund balance category increased by $4,137,273, having begun the year with a balance of $9,496,222. This reserve also includes the 3% Reserve for Economic Uncertainty of $2,325,046. The increase in fund balance from the prior year was projected in both the original and revised budgets adopted by the Board.

- District enrollment in 2019-20 was 7,209 at Second Period reporting, an increase of 128 students, or 1.8%, with a corresponding increase of 168 Average Daily Attendance (ADA) to 2019-20 ADA of 6,947 with an attendance rate of 96.4%. Although 2020-21 enrollment is projected to decrease by 175 students, the State will fund the District at the 2019-20 ADA level of 6,947. The District attendance rate is projected to remain stable at 95.8% for the next two years.

- Although in past years, the housing crisis had a significant impact on District demographics and enrollment growth, over the last couple of years we have seen an uptick in construction growth. Developers have been pulling housing permits for the past few years, and new homes continue to appear within District boundaries. Administration is has seen an uptick in the developer fee payments over the last six months in the 2020-21 fiscal year and once we see steady growth in new housing, we anticipate we will begin to see a consistent increase in student enrollment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are organized to provide the reader first with a look at the financial status of the entire Western Placer Unified School District. The statements then proceed to provide an increasingly detailed look at specific financial activities. This annual report consists of three parts:

- Management's Discussion and Analysis – this section, which provides an overall review of the financial activity for the past fiscal year as well as a look at the future years.

- Basic Financial Statements – a look at Western Placer Unified School District's financial statement as a whole for the entire operating entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

- Required Supplementary Information – detailed information for specific financial activities including required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Reporting on the District as a Whole
Statement of Net Position and Statement of Activities

These two statements provide information about the District as a whole using the accrual accounting methods similar to those used by private-sector companies. They help answer the question, "How did we do financially during 2019-20?"

The change in net position is reported in the Statement of Net Position. This change in net position is important because it tells the reader whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some of them financial and some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating.

All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The relationship between revenues and expenses indicates the District's operating results. It is important to remember, the District's goal is to provide services to its students, not to generate profits as is necessary in commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools in order to assess the overall health of the District.

In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental Activities – All of the District's services are reported here, including regular and special education, general administration, transportation, food services, plant services, facilities acquisition and construction, interest, and long-term debt. State support from LCFF and categorical apportionments finance most of these activities.

- Business-type Activities – The District does not currently have any business type activities.

Reporting the District's Most Significant Funds
Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required to be established by State law, bond covenants, or through grant or program restrictions.

- The District establishes other funds to control and manage money for specific purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

A District may have three kinds of funds:

- Governmental Funds – Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Building Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

- Proprietary Funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds use the full accrual basis of accounting, the same as the District-wide statements. The District does not have programs classified in this category.

- Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets that are reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS
The District as a Whole

Statement of Net Position
The District's total assets increased by $75,627,602 to $400,077,935 during the 2019-20 fiscal year. Cash and cash equivalent accounts increased $1,901,340 from FY 2018-19. Deferred outflows of resources for pensions decreased by $2,739,715 due to the continued implementation of GASB 68.

Total liabilities increased $67,447,594 primarily due to the refinance of certificates of participation of $18,132,598, issuance of bond anticipation notes of $53,525,000 and the GASB 68 net pension liability of $1,758,795. Accounts payable decreased $2,569,071 and unearned revenues increased by $167,468 due to grant funds spent in 2019-20. Deferred inflows of resources for pensions increased by $1,481,974 due to the continued implementation of GASB 68.

The District's net position for FY 2019-20 was ($5,585,885), a decrease of $4,667,512 (45.52%) from FY 2018-19. Of this balance, $28,505,348 was restricted while ($62,118,972) was unrestricted. Net investment in capital assets accounted for $28,027,739 of the total net position.

The Statement of Net Position is included in the table below and provides the detail information for 2018-19 and 2019-20, along with the variances between the years.

Table 1
Net Position
June 30, 2019 and 2020
Governmental Activities

	2018-19	2019-20	$ Difference	% Difference
Assets:				
Cash and investments	$ 95,528,438	$ 97,429,778	$ 1,901,340	1.99%
Receivables	4,749,431	5,712,646	963,215	20.28%
Prepaid expenses	25,060	25,370	310	1.24%
Stores inventory	5,946	11,705	5,759	96.86%
Other current assets	1,331	1,342	11	0.83%
Capital assets (net of accumulated depreciation)	224,140,127	296,897,094	72,756,967	32.46%
Total assets	**324,450,333**	**400,077,935**	**75,627,602**	**23.31%**
Deferred Outflows of Resources:				
Deferred outflows of resources-pensions and OPEB	23,211,441	21,426,698	(1,784,743)	-7.69%
Deferred outflow from advance refunding of debt	6,900,400	6,654,711	(245,689)	-3.56%
Total deferred outflows of resources - pensions	**30,111,841**	**28,081,409**	**(2,030,432)**	**-6.74%**
Liabilities:				
Accounts payable	15,936,547	13,367,476	(2,569,071)	-16.12%
Unearned revenue	121,005	288,473	167,468	100.00%
Long-term liabilities				
Due within one year	5,922,541	5,732,237	(190,304)	-3.21%
Due after one year	339,858,646	409,898,147	70,039,501	20.61%
Total liabilities	**361,838,739**	**429,286,333**	**67,447,594**	**18.64%**
Deferred Inflows of Resources:				
Deferred inflows of resources-pensions and OPEB	**2,976,832**	**4,458,806**	**1,481,974**	**49.78%**
Net Position				
Invested in capital assets, net of related debt	26,505,997	28,027,739	1,521,742	5.74%
Restricted	16,172,681	28,505,348	12,332,667	76.26%
Unrestricted	(52,932,075)	(62,118,972)	(9,186,897)	17.36%
Net Investment in Capital Assets	**$ (10,253,397)**	**$ (5,585,885)**	**$ 4,667,512**	**-45.52%**

Statement of Activities

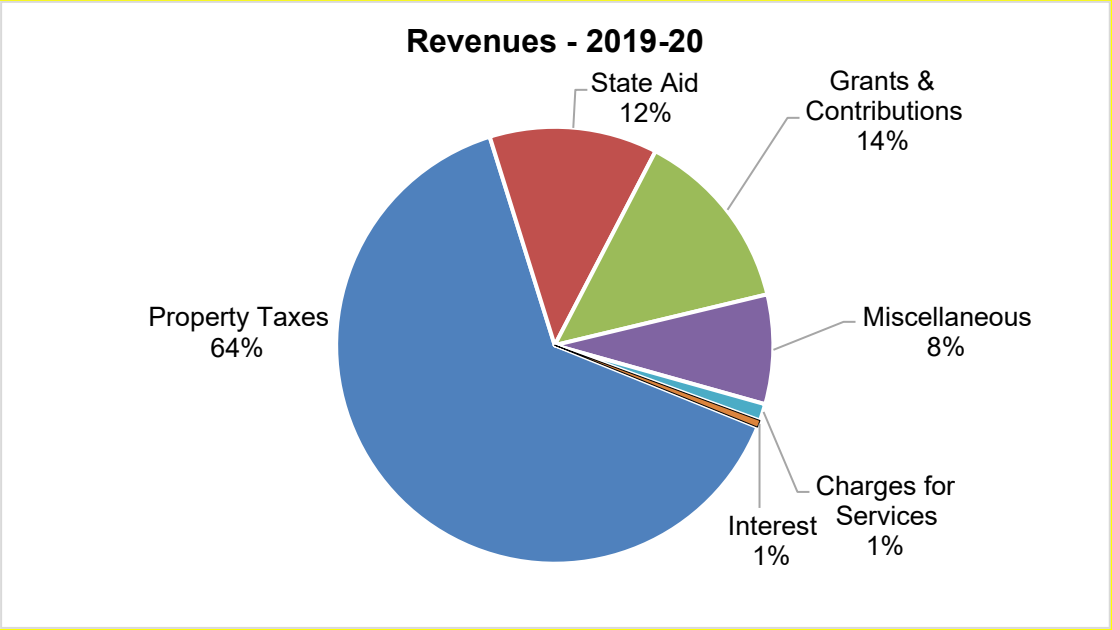
The District's total expenses were $98,742,618; $25,041 higher in 2019-20 than 2018-19. Program revenues were $18,419,516; $2,327,352 higher in 2019-20 than 2018-19. General revenues were $84,990,614; $2,794,335 higher than 2018-19.

Table 2
Statement of Activites
June 30, 2019 and 2020

	Governmental Activities			
	2018-19	**2019-20**	**$ Difference**	**% Difference**
General Revenues				
Taxes Levied for General Purposes	$ 52,614,581	$ 54,697,844	$ 2,083,263	3.96%
Taxes Levied for Debt Service	6,466,876	5,461,627	(1,005,249)	-15.54%
Taxes Levied for Specific Purposes	6,027,595	6,104,942	77,347	1.28%
Unrestricted Federal and State Aid	11,875,670	12,854,546	978,876	8.24%
Interest and Investment Earnings	1,878,158	522,800	(1,355,358)	-72.16%
Interagency Revenues	251,367	255,651	4,284	1.70%
Miscellaneous	3,082,032	5,093,204	2,011,172	65.25%
Total General Revenues	**82,196,279**	**84,990,614**	**2,794,335**	**3.40%**
Program Revenues				
Charges for Services	1,013,978	1,288,183	274,205	27.04%
Operating Grants & Contributions	15,072,484	14,099,369	(973,115)	-6.46%
Capital Grants & Contributions	5,702	3,031,964	3,026,262	100.00%
Total Program Revenues	**16,092,164**	**18,419,516**	**2,327,352**	**14.46%**
Total Revenues	**98,288,443**	**103,410,130**	**5,121,687**	**5.21%**
Expenses				
Instruction	56,557,498	56,665,019	107,521	0.19%
Supervision of Instruction	2,880,860	2,993,745	112,885	3.92%
Instructional Library, Media & Technology	861,555	885,438	23,883	2.77%
School Administration	5,274,052	5,356,770	82,718	1.57%
Pupil Support Services	3,482,754	3,638,665	155,911	4.48%
Home-to-School Transportation	1,830,509	1,547,569	(282,940)	-15.46%
Food Service	2,050,429	2,049,422	(1,007)	-0.05%
General Administration	5,071,139	5,036,083	(35,056)	-0.69%
Plant Services	7,500,371	6,751,687	(748,684)	-9.98%
Ancillary Services	1,340,159	1,114,672	(225,487)	-16.83%
Community Services	46,256	33,060	(13,196)	-28.53%
Transfer Between Agencies	2,144,065	1,845,582	(298,483)	-13.92%
Interest on Debt and Fiscal Charges	9,677,930	10,824,906	1,146,976	11.85%
Total Expenses	**98,717,577**	**98,742,618**	**25,041**	**0.03%**
Change in Net Position	**(429,134)**	**4,667,512**	**5,096,646**	-100.00%
Net Position - Beginning	**(9,824,263)**	**(10,253,397)**	**(429,134)**	4.37%
Net Position - Ending	**$ (10,253,397)**	**$ (5,585,885)**	**$ 4,667,512**	**-45.52%**

The users of the District's programs paid $1,288,183 of the cost. This revenue was generated through cafeteria sales of $524,813, home-to-school transportation fees of $380,591 and other miscellaneous revenue of $382,779. The federal and state governments subsidized certain programs with grants and contributions of $14,099,369. Most of the governmental activities were paid with $66,264,413 in property taxes, $12,854,546 of unrestricted state aid based on the statewide Local Control Funding Formula, and $522,800 of investment earnings. Miscellaneous revenues of $8,380,819 is comprised of a number of items, including interest revenue, facilities use fees, developer fees, Mello-Roos receipts, interagency revenues and site co-curricular revenues.

Sources of Western Placer USD's Revenue for the 2019-20 Fiscal Year
Figure 1

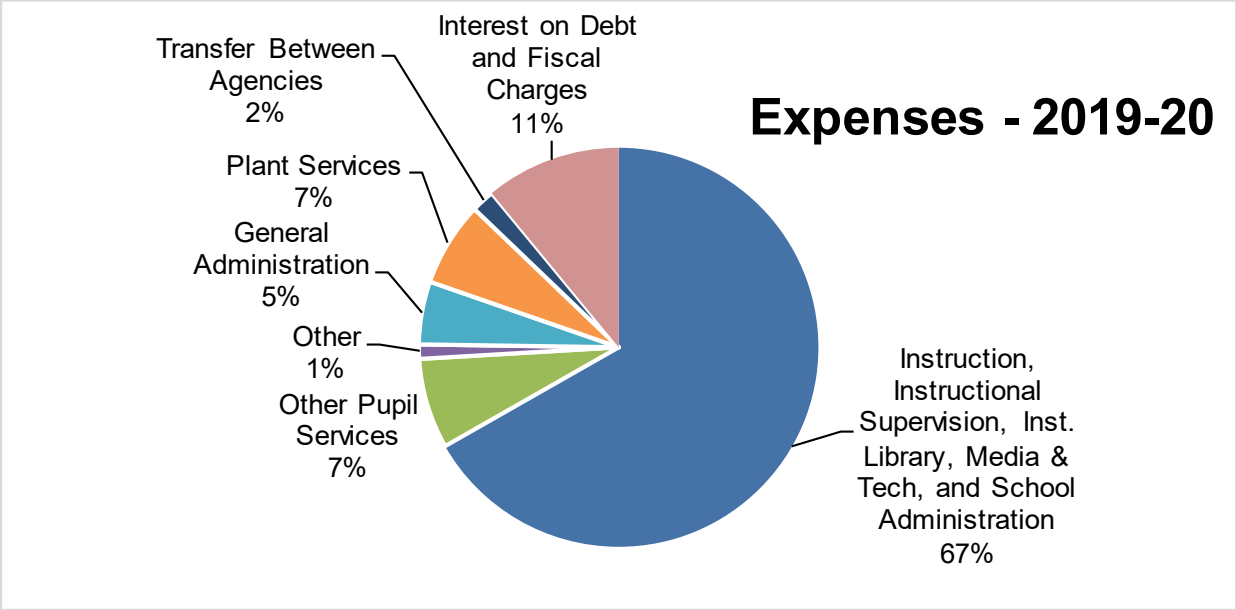


As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $103,410,130.

Instruction, supervision of instructional, instructional library, media & technology, and school administration expenses made up approximately 67% of total 2019-20 expenditures, a 1% increase from 2018-19. General administration accounted for approximately 5% of the expenditure budget, no change from 2018-19. Interest on debt, fiscal charges and transfers between agencies represented 11% of all outgo, a 1% decrease from 2018-19, and pupil services accounted for 7% of expenditures, no change from 2018-19. Plant maintenance and operations accounted for 7% of the expenditure budget, a 1% decrease from 2018-19.

Figure 2 charts the Districts expenditures for the 2019-20 school year.

Western Placer USD's Expenses for the Fiscal Year 2019-20
Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The individual fund statements provide information on inflows and outflows and balances of spendable resources.

The District's Governmental Funds reported a combined fund balance of $93.8 million, an increase of $4.7 million from the previous fiscal year's combined ending balance of $89.1 million. The funds with greatest change were:

- Building Fund decreasing by a net $2.5 million due to the completion of Glen Edwards Middle School and Scott M. Leaman Elementary School and work-in-progress construction expenditures for Twelve Bridges High School,
- Bond Interest Redemption Fund decreasing by $2.6 million principal and interest payments on long term debt,
- Capital Facilities Fund increasing by $145,476 due to increased developer fee and interest revenues, in excess of facilities expenditures and transfers out to the Mello-Roos Fund,
- Mello-Roos Fund increasing by $3 million due to proceeds from the issuance of Certificates of Participation 2019 Refinancing Project,
- County School Facilities Fund increasing by $3 million due to the receipt of State grant funding for the Twelve Bridges High School CTE program facilities project,
- General Fund increasing nearly $3.6 million for unspent local, state and federal revenues received but not spent due to the District moving to on-line instruction in March 2020 as schools closed based on COVID-19 pandemic State and county stay at home orders.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. Significant budget adjustments fell into the following categories:

- Budget revisions acknowledging the inclusion of restricted ending balances, deferred revenue, and carryover from the prior year.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Budget revisions to reflect salary settlements.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of approximately $113,000. Actual audited activity reflected a net increase to the ending balance of $3.6 million. The difference between the final budget and the actual ending balance is due primarily to unspent District and school site, federal and state program fund carryovers, including state one-time mandate reimbursement funds of approximately $2.25 million reserved for new elementary and high school start-up costs and science instructional materials adoption costs to be spent in 2020-21. This is not uncommon, particularly in categorical programs and unspent one-time funds that carry balances over from year to year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2019-20 fiscal year, the District had invested $296.9 million in a broad range of capital assets, including school sites, school buildings, site improvements, vehicles, equipment, and work in progress regarding the construction of the new Twelve Bridges High School. This amount represents an increase of $72.8 million from the previous fiscal year, which consists of construction work in progress, building construction, site improvement and equipment additions totaling $82 million, net of deletions and depreciation expense in the current fiscal year of $9.2 million.

Table 3
Capital Assets
(net of depreciation)

	2018-19	2019-20	$ Difference	% Difference
Land	47,581,849	47,681,849	$ 100,000	0.21%
Site Improvement	6,133,678	10,267,603	4,133,925	67.40%
Buildings	117,472,630	133,800,571	16,327,941	13.90%
Equipment & Vehicles	1,243,789	1,909,108	665,319	53.49%
Work in Progress (WIP)	51,708,181	103,237,963	51,529,782	100.00%
Total	**$ 224,140,127**	**$ 296,897,094**	**$ 72,756,967**	**32.46%**

During 2020/21, the District completed the modernization construction projects at Glen Edwards Middle School and new construction of Scott M. Leaman Elementary. The District also made substantial progress in the new construction of Twelve Bridges High School, opening in the fall of 2021. The Twelve Bridges High School project represents the balance of the June 30, 2020 WIP balance.

Long-Term Debt

At June 30, 2020, the District had $415,630,474 in long-term debt outstanding.

Table 4
Outstanding Liabilities

	2018-19	2019-20
General Obligation Bonds	$ 117,820,000	$ 114,725,000
Bond Anticipation Notes	-	53,525,000
Special Tax Bond	10,373,511	9,834,612
Unamortized Premiums	13,692,512	14,141,828
Other Post Employment Benefi	5,351,122	7,109,917
PARS	410,360	205,181
Compensated Absences	208,682	171,338
Cerfiticates of Participation	125,505,000	143,637,598
Net Pension Liability	72,420,000	72,280,000
TOTAL	**$ 345,781,187**	**$ 415,630,474**

The General Obligation Bonds are financed by the local taxpayers and represent 27.60% of the District's long-term debt. Bond Anticipation Notes are financed through a lease financing paid by local taxpayers and represents 12.88% of the District's long-term debt. Certificates of Participation (COPs) are defeased through Mello-Roos special taxes and developer fees. COPs represent an additional 34.56% of the District long-term debt. The District's Net Pension Liability represents 17.39% of the District's long-term liability. PARS represents the five-year payment of an early retirement incentive the District offered in 2015-16 with 2019-20 being the final payment year. Nineteen employees took the opportunity to retire early under this plan. PARS debt represents .05% of the District's long-term liabilities at June 30, 2020. Other post-employment benefits are approximately 1.71% of the long-term liability balance.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For several years, the District saw rapid growth as new housing developments were completed and new homeowners moved into the District. The housing crisis and the economic downturn of prior years had a significant impact on this development. Enrollment in 2013-14 increased 114 students (or 1.7%) over 2012-13. Over the last six years since 2013-14, the district has increased enrollment by 497 students (or 7.4%).

In 2020-21, the District experienced a decrease in enrollment of 175 students from 2019-20, mainly due to students moving out of the area, to another district or home schooling due to the COVID-19 pandemic. The District had projected an increase of 72 students at budget adoption, which equates to an actual enrollment drop of 247 students from what we projected at budget adoption. Fortunately, funding purposes, the State has provided a hold-harmless provision and our 2020-21 LCFF funding will be based on 2019-20 Actual average Daily Enrollment (ADA).

For 2021-22, we are projecting that enrollment will increase to at least our 2019-20 enrollment of 7,209 and regain the 175 students we lost in 2020-21. If our actual enrollment and ADA do not exceed our 2019-20 ADA, we will be subject to the normal hold harmless provision and be funded at 2019-20 ADA. For 2022-23, we are projecting that enrollment will increase to 7,353 reflecting (an overall average increase of approximately 2% over a three-year period from 2019-20 to 2022-23).

In the 2020-21 budget year, the District opened the new Scott M. Leaman Elementary School. Additionally, John Adams Academy (JAA) charter opened a new school site and expanded grades at their charter. In the 2021-22 year, the District will open the new Twelve Bridges High School. Any enrollment change from this new high school in the 2021-22 budget year has not been included in the District budget projections. As we move closer to the opening, we will assess any possible enrollment changes. We anticipate that the enrollment growth will increase steadily as developers continue to pull permits and building houses in Lincoln.

The District's greatest challenge continues to be maintaining a viable relationship between its revenues and expenditures while at the same time expanding its infrastructure and services to address the educational, technology and facility needs of its existing and future students. The District is committed to a balanced budget and maintaining a minimum reserve of 3% of expenditures for economic uncertainties.

The 2020-21 State Budget was approved by June 30, 2020. The final budget for 2020-21 suspended the statutory COLA of 2.31% on the Local Control Funding Formula (LCFF) and removed the 10% proration factor proposed in the Governor's May Revision to hold all school districts, with the exception of districts eligible for SB 820 growth funding and newly operational charter schools, at 2019-20 ADA levels. This change was made possible in part by increasing deferrals of the principal apportionment to $11 billion to be paid in the 2021-22 fiscal year.

On the expenditure side, the State continues to project increases in STRS and PERS employer contribution rates over the next several years. The increases in employer contribution rates continue to outpace State funded cost of living adjustment (COLA) increases.

In 2020-21, due to the suspended COLA, increased STRS and PERS costs and on-going support expenditures, the District's First Interim Budget reporting shows the General Fund with a planned structural deficit of $1.8 million, largely due to $1.3 million in prior year unspent funds budgeted to be spent in 2020-21. Although the district projects this deficit, it still maintains the required 3% reserve for Economic Uncertainty plus an additional 8.3%, 7.2% and 2.0% of unassigned surplus for 2020-21, 2021-22 and 2022-23.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Western Placer Unified School District, 600 Sixth Street, Suite 400, Lincoln, CA 95648, (916) 645-6350.

BASIC FINANCIAL STATEMENTS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 97,429,778
Receivables	5,712,646
Prepaid expenses	25,370
Stores inventory	11,705
Other current assets	1,342
Non-depreciable capital assets (Note 4)	150,919,812
Depreciable capital assets, net of accumulated depreciation (Note 4)	145,977,282
Total assets	400,077,935
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	18,414,958
Deferred outflows of resources - OPEB (Note 9)	3,011,740
Deferred outflow from advance refunding of debt	6,654,711
Total deferred outflows of resources	28,081,409
LIABILITIES	
Accounts payable	13,367,476
Unearned revenue	288,473
Long-term liabilities (Note 5):	
Due within one year	5,732,327
Due after one year	409,898,147
Total liabilities	429,286,423
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	4,296,000
Deferred inflows of resources - OPEB (Note 9)	162,806
Total deferred inflows of resources	4,458,806
NET POSITION	
Net investment in capital assets	28,027,739
Restricted:	
Legally restricted programs	2,011,515
Capital projects	12,227,212
Debt service	14,266,621
Unrestricted	(62,118,972)
Total net position	$ (5,585,885)

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 56,665,019	$ 748	$ 8,160,032	$ 3,031,964	$ (45,472,275)
Instruction-related services:					
Supervision of instruction	2,993,745	-	725,586	-	(2,268,159)
Instructional library, media and technology	885,438	-	13,139	-	(872,299)
School site administration	5,356,770	-	310,348	-	(5,046,422)
Pupil services:					
Home-to-school transportation	1,547,569	380,591	727,445	-	(439,533)
Food services	2,049,422	524,813	1,380,259	-	(144,350)
All other pupil services	3,638,665	32	811,044	-	(2,827,589)
General administration:					
Data processing	1,377,006	-	-	-	(1,377,006)
All other general administration	3,659,077	115,280	585,022	-	(2,958,775)
Plant services	6,751,687	1,088	96,594	-	(6,654,005)
Ancillary services	1,114,672	2	381,321	-	(733,349)
Community services	33,060	-	12,056	-	(21,004)
Other outgo	1,845,582	265,629	896,523	-	(683,430)
Interest on long-term liabilities	10,824,906	-	-	-	(10,824,906)
Total governmental activities	$ 98,742,618	$ 1,288,183	$ 14,099,369	$ 3,031,964	(80,323,102)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					54,697,844
Taxes levied for debt service					5,461,627
Taxes levied for other specific purposes					6,104,942
Federal and state aid not restricted to specific purposes					12,854,546
Interest and investment earnings					522,800
Interagency transfers					255,651
Miscellaneous					5,093,204
Total general revenues					84,990,614
Change in net position					4,667,512
Net position, July 1, 2019					(10,253,397)
Net position, June 30, 2020					$ (5,585,885)

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	$ 14,729,945	$ 62,803,439	$ 17,035,536	$ 94,568,920
Cash in revolving cash account	5,000	-	-	5,000
Cash with fiscal agent	-	2,208,722	21,373	2,230,095
Collections awaiting deposit	104,621	27,181	493,961	625,763
Accounts receivable	5,538,887	13,330	160,429	5,712,646
Prepaid expenditures	25,370	-	-	25,370
Stores inventory	-	-	11,705	11,705
Other current assets	-	-	1,342	1,342
Due from other funds	3,738	-	396,922	400,660
Total assets	$ 20,407,561	$ 65,052,672	$ 18,121,268	$ 103,581,501
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 4,345,099	$ 4,712,700	$ 39,863	$ 9,097,662
Unearned revenue	288,473	-	-	288,473
Due to other funds	146,922	-	253,738	400,660
Total liabilities	4,780,494	4,712,700	293,601	9,786,795
Fund balances:				
Nonspendable	30,370	-	11,705	42,075
Restricted	1,963,202	60,339,972	17,815,962	80,119,136
Unassigned	13,633,495	-	-	13,633,495
Total fund balances	15,627,067	60,339,972	17,827,667	93,794,706
Total liabilities and fund balances	$ 20,407,561	$ 65,052,672	$ 18,121,268	$ 103,581,501

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances - Governmental Funds		$ 93,794,706
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $356,933,998 and the accumulated depreciation is $60,036,904 (Note 4).		296,897,094
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred.		(4,269,814)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds Long-term liabilities at June 30, 2020 consisted of (Note 5):		
Special Tax Bonds	$ (9,834,612)	
General Obligation Bonds	(114,725,000)	
Bond Anticipation Notes	(53,525,000)	
Unamortized premiums	(14,141,828)	
Certificates of Participation	(143,637,598)	
Public Agency Retirement System (PARS)	(205,181)	
Net OPEB liability (Note 9)	(7,109,917)	
Net pension liability (Notes 7 and 8)	(72,280,000)	
Compensated absences	(171,338)	
		(415,630,474)
In governmental funds, deferred inflows and deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred inflows or deferred outflows of resources:		6,654,711
In government funds, deferred outflows and inflows of resources relating to to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8, 9 and 10).		
Deferred outflows of resources relating to pensions	18,414,958	
Deferred outflows of resources relating to OPEB	3,011,740	
Deferred inflows of resources relating to pensions	(4,296,000)	
Deferred inflows of resources relating to OPEB	(162,806)	
		16,967,892
Total net position - governmental activities		$ (5,585,885)

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 24,539,035	$ -	$ -	$ 24,539,035
Local sources	40,862,832	-	-	40,862,832
Total LCFF	65,401,867	-	-	65,401,867
Federal sources	2,498,752	-	1,257,722	3,756,474
Other state sources	7,677,640	-	3,089,645	10,767,285
Other local sources	5,101,096	689,432	16,866,972	22,657,500
Total revenues	80,679,355	689,432	21,214,339	102,583,126
Expenditures:				
Current:				
Certificated salaries	33,105,100	-	-	33,105,100
Classified salaries	9,782,633	271,651	903,522	10,957,806
Employee benefits	20,695,138	119,933	437,085	21,252,156
Books and supplies	3,062,656	1,158,575	703,461	4,924,692
Services and other operating expenditures	7,707,930	992,764	537,499	9,238,193
Other outgo	1,845,582	-	-	1,845,582
Capital outlay	835,705	73,548,850	49,420	74,433,975
Debt service:				
Principal retirement	205,179	-	5,228,899	5,434,078
Interest	-	-	10,356,371	10,356,371
Total expenditures	77,239,923	76,091,773	18,216,257	171,547,953
Excess (deficiency) of revenues over (under) expenditures	3,439,432	(75,402,341)	2,998,082	(68,964,827)
Other financing sources (uses):				
Transfers in	239,199	-	328,358	567,557
Transfers out	(78,358)	-	(489,199)	(567,557)
Proceeds from the issuance of Bond Anticipation Notes	-	53,525,000	-	53,525,000
Proceeds from the issuance of Certificates of Participation	-	18,887,598	-	18,887,598
Proceeds from the issuance of refunding debt	-	-	8,285,000	8,285,000
Premium from the issuance of debt	-	740,847	-	740,847
Discount on issuance of debt	-	(267,625)	(45,961)	(313,586)
Deposit to refunding escrow	-	-	(7,445,000)	(7,445,000)
Total other financing sources (uses)	160,841	72,885,820	633,198	73,679,859
Change in fund balances	3,600,273	(2,516,521)	3,631,280	4,715,032
Fund balances, July 1, 2019	12,026,794	62,856,493	14,196,387	89,079,674
Fund balances, June 30, 2020	$ 15,627,067	$ 60,339,972	$ 17,827,667	$ 93,794,706

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net change in fund balances - Total Governmental Funds		$ 4,715,032
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	77,039,518	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(4,188,002)	
Write off of canceled projects is an expense that is not recorded in the governmental funds (Note 4).	(94,549)	
Proceeds from debt are recognized as other financing sources in the governmental funds, but increased the long-term liabilities in the statement of net position (Note 5).	(80,697,598)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	12,673,899	
In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the governmental-wide statements, public agency retirement system incentives are measured on the accrual basis. (Note 5).	205,179	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	557,206	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the is amortized as interest over the life of the debt (Note 5).	(449,316)	
In government-wide statements, any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Deferred gain or loss from debt refunding for the period is:	(245,689)	

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 5, 7,and 8):	(4,042,715)	
In the statement of activities, expenses related to the net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 9).	(805,453)	(47,520)
Change in net position of governmental activities		$ 4,667,512

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2020

	Trust Funds		Agency Funds
	Scholarship	Retiree Benefits	
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ 164,943	$ 7,258	$ 150,264
Cash on hand and in banks	-	-	330,453
Accounts receivable	137	6	-
Total assets	165,080	7,264	$ 480,717
LIABILITIES			
Accounts payable	-	-	$ 150,264
Due to student groups	-	-	330,453
Total liabilities	-	-	$ 480,717
NET POSITION			
Restricted for scholarships and retiree benefits	$ 165,080	$ 7,264	

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUNDS
For the Year Ended June 30, 2020

	Trust Funds	
	Scholarship	Retiree Benefits
Additions:		
Other local sources	$ 2,746	$ 121
Deductions:		
Services and other operating expenditures	1,700	-
Change in net position	1,046	121
Net position, July 1, 2019	164,034	7,143
Net position, June 30, 2020	$ 165,080	$ 7,264

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Placer Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Mello-Roos Community Facilities District: The District and the Mello-Roos Community Facilities District (the "CFD") have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the CFD as a blended component unit of the District. Accordingly, the financial activities of the CFD have been included in the financial statements of the District within the Mello-Roos Fund, a debt service fund. Special tax bonds issued by the CFD are included in long-term liabilities on the government-wide financial statements.

Western Placer Unified School District Financing Corporation: The District and the Western Placer Unified School District Financing Corporation (the Corporation) have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of the District. Accordingly, the financial activities of the Corporation have been included in the general-purpose financial statements of the District within the Building Fund, a capital projects fund. The certificates of participation issued by the Corporation are included in long-term liabilities on the government-wide financial statements.

The following are those aspects of the relationship between the District and the Corporation and the District and the CFD and Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by criteria:

A - Accountability:

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Scope of Public Service:

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

C - Financial Presentation:

For financial presentation purposes, the CFD and Corporation's financial activity have been blended with the financial data of the District. The basic financial statements present the CFD and Corporation's financial activity within the Mello-Roos and Building Funds, respectively.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The activities of the Special Reserve for Other Than Capital Outlay Fund have been included in the General Fund for financial reporting purposes.

Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

B - Other Funds

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development and Cafeteria Funds.

Capital Projects Funds: The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities, County School Facilities and Special Reserve Funds.

Debt Service Funds: The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Mello-Roos Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, Mello-Roos debt principal, interest, and related costs.

Trust Funds: The Trust Funds are used to account for assets held by the District as Trustee. The District maintains two expendable trust funds, the Scholarship Trust, which is to be used to provide financial assistance to students of the District, and the Retiree Benefits Fund, which is used by the District to reserve for funds to pay for retiree benefits.

Agency Funds: Agency Funds are used to accounts for assets of others for which the District acts as an agent. The Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds. The Warrant Pass-through Fund represents a payroll clearing account with funds held at the Placer County Office of Education for the accrued payroll liability as of June 30, 2020.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2020.

Stores Inventory: Inventory is stated at cost (average cost) which does not exceed replacement cost. Inventory consists of expendable supplies held for future use in the following period by the District's operating units, transportation supplies, and food held for consumption. Maintenance and other supplies held for physical plant repair are not included in inventory; rather, these amounts are recorded as expenditures when purchased.

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Also, the District has recognized a deferred outflow of resources relate to recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate as of June 30, 2020:

	STRP	PERF B	Total
Deferred outflows of resources	$ 14,020,192	$ 4,394,766	$ 18,414,958
Deferred inflows of resources	$ 3,785,000	$ 511,000	$ 4,296,000
Net pension liability	$ 52,504,000	$ 19,776,000	$ 72,280,000
Pension expense	$ 11,839,462	$ 4,436,813	$ 16,276,275

Compensated Absences: Compensated absences totaling $171,338 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Net Position: Net position is displayed in three components:

1. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

2. *Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. The restriction for retiree benefits represents the portion of net position available for the former employees of the district. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. *Unrestricted Net Position* – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2020, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2020, no such designation has occurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications:

E - Unassigned Fund Balance: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2018, the District has established a minimum General Fund fund balance policy of 5% of General Fund total outgo. As of June 30, 2020, the District has an unassigned balance of $12,913,439 or 17%.

Custodial Relationships: The Statement of Net Position for Fiduciary Funds represents the assets, liabilities and trust and agency accounts of various student organizations and scholarship funds within the District. As the funds are custodial in nature, no measurement of operating results is involved.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2020 are reported at fair value and consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Fund:		
Cash in County Treasury	$ 94,568,920	$ 322,465
Deposits:		
Cash on hand and in banks	-	330,453
Cash in revolving fund	5,000	-
Cash awaiting deposit	625,763	-
Investments:		
Cash with Fiscal Agent	2,230,095	-
Total cash and investments	$ 97,429,778	$ 652,918

Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's accounts was $335,453 and the bank balance was $421,082, $404,901 of which was insured by the FDIC .

Cash with Fiscal Agent: The Cash with Fiscal Agent of $21,373 in the Mello-Roos Fund represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2020 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 3,738	$ 146,922
Non-Major Funds:		
Adult Education	34,337	3,738
Cafeteria	111,047	-
Capital Facilities	-	250,000
County School Facilities	1,538	-
Mello-Roos	250,000	-
Totals	$ 400,660	$ 400,660

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2019-20 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for TPP.	$ 33,318
Transfer from the General Fund to the Cafeteria Fund for contribution for food services.	45,040
Transfer from the Adult Education Fund to the General Fund for indirect costs	3,738
Transfer from the Capital Facilities Fund to the Mello Roos Fund for debt repayment.	250,000
Transfer from the Bond Interest and Redemption Fund to the General Fund to close out the Series 1993 GO Bond.	201,576
Transfer from the Special Reserve Fund to the General Fund for a contribution for the school site equipment and activities.	33,885
	$ 567,557

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

Governmental Activities	Balance July 1, 2019	Transfers and Additions	Transfers and Deletions	Balance June 30, 2020
Non-depreciable:				
Land	$ 47,581,849	$ 100,000	$ -	$ 47,681,849
Work-in-process	51,708,181	56,528,722	4,998,940	103,237,963
Depreciable:				
Buildings	166,945,399	19,923,907	-	186,869,306
Equipment	5,480,909	870,661	372,801	5,978,769
Site improvements	8,645,492	4,520,619	-	13,166,111
Totals, at cost	280,361,830	81,943,909	5,371,741	356,933,998
Less accumulated depreciation:				
Buildings	(49,472,769)	(3,595,966)	-	(53,068,735)
Equipment	(4,237,120)	(205,342)	(372,801)	(4,069,661)
Site improvements	(2,511,814)	(386,694)	-	(2,898,508)
Total accumulated depreciation	(56,221,703)	(4,188,002)	(372,801)	(60,036,904)
Capital assets, net	$ 224,140,127	$ 77,755,907	$ 4,998,940	$ 296,897,094

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 3,348,563
Instructional supervision and administration	4,987
Instructional library, media and technology	1,912
School site administration	67,659
Home-to-School transportation	248,082
Food services	15,336
General administrative	1,244
Centralized data processing	39,468
Plant services	460,751
Total depreciation expense	$ 4,188,002

(Continued)

NOTE 5 - LONG-TERM LIABILITIES

Special Tax Bonds: On March 10, 2015, the District issued Community Facilities District No. 1 Special Tax Bonds in the amount of $12,376,387, to provide funds for refunding all of the Series 2005 Bonds. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The bonds bear interest rates ranging from 2.44% to 3.5% and are scheduled to mature in September 2034.

Scheduled payments on Series 2015 Special Tax Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 552,449	$ 332,884	$ 885,333
2022	568,064	314,935	882,999
2023	586,747	294,725	881,472
2024	604,595	273,877	878,472
2025	626,816	252,327	879,143
2026-2030	3,482,201	910,368	4,392,569
2031-2035	3,413,740	264,801	3,678,541
	$ 9,834,612	$ 2,643,917	$ 12,478,529

General Obligation Bonds and Bond Anticipation Notes: A summary of General Obligation Bonds and Bond Anticipation Notes payable as of June 30, 2020 follows:

Series	Interest Rate	Date of Issue	Original Maturity	Amount of Original Issue	Balance July 1, 2019	Current Year Issuance	Current Year Refunded and Matured	Balance June 30, 2020
2015 Series A	3.0%-5.0%	2015	2041	$ 20,000,000	$ 18,545,000	$ -	$ 520,000	$ 18,025,000
2016 Series A	3.0%-5.0%	2016	2048	30,000,000	29,600,000	-	575,000	29,025,000
2014 Series B	3.0%-5.0%	2017	2048	25,000,000	24,675,000	-	465,000	24,210,000
2014 Series C	3.4%-5.0%	2019	2044	15,000,000	15,000,000	-	505,000	14,495,000
2016 Series B	3.5%-5.0%	2019	2044	30,000,000	30,000,000	-	1,030,000	28,970,000
2020 BAN D1	2.0%	2020	2025	30,000,000	-	18,545,000	-	18,545,000
2020 BAN D2	2.0%	2020	2025	30,000,000	-	34,980,000	-	34,980,000
Total					$ 117,820,000	$ 53,525,000	$ 3,095,000	$ 168,250,000

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 2,690,000	$ 5,724,116	$ 8,414,116
2022	2,800,000	5,701,176	8,501,176
2023	2,920,000	5,582,351	8,502,351
2024	3,035,000	5,458,451	8,493,451
2025	56,690,000	5,335,051	62,025,051
2026-2030	17,850,000	19,216,117	37,066,117
2031-2035	21,990,000	15,043,844	37,033,844
2036-2040	26,795,000	10,148,663	36,943,663
2041-2045	24,550,000	4,248,225	28,798,225
2046-2048	8,930,000	575,700	9,505,700
	$ 168,250,000	$ 77,033,694	$ 245,283,694

Certificates of Participation (COP): In September 2016, the District issued $69,520,000 Refinancing Project COP, with interest rates ranging from 3.75% to 5.0%, maturing in 2048. Bond proceeds from the issuance were used to refund both the 2008 COP, and 2008B COP.

In September 2017, the District issued $51,795,000 Refinancing Project COP, with interest rates ranging from 2.0% to 5.0%, maturing in 2050. Bond proceeds from the issuance were used to refund the 2009 refinancing COP.

On October 29, 2019, the District issued Certificates of Participation 2019 Refinancing Project in the amount of $8,285,000 to advance refund the Certificates of Participation 2011 Refinancing Project. The 2019 Refinancing Certificates of Participation mature in varying amounts during the succeeding year through November 2037 with interest rates ranging from 2.0% to 3.7%. On June 30, 2020, $7,445,000 of the 2011 COP outstanding are considered defeased.

Although the advance refunding resulted in the recognition of an accounting loss of $291,484 for the year ended June 30, 2020, the district in effect reduced its aggregate debt service payments by $907,667 over the next 13 years.

Calculation of Cash Flow Savings:	
Old debt service cash flows	$ 12,810,869
Less: New debt service cash flows	11,903,202
Net savings	$ 907,667
Calculation of Economic Gain:	
PV of old debt service cash flows	$ 8,704,306
PV of new debt service cash flows	8,193,539
	$ 510,767

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In December 2019, the District issued $18,887,598 in Certificates of Participation, with interest rates ranging from 242% to 4.25%, maturing in 2035. Proceeds from the issuance were used to finance a portion of the costs to construct Twelve Bridges High School and to fund modernization projects at Lincoln High School and Glenn Edwards Middle School.

The Certificates of Participation are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 1,680,000	$ 5,093,543	$ 6,773,543
2022	1,800,000	5,006,000	6,806,000
2023	1,915,000	4,948,028	6,863,028
2024	2,210,000	4,885,635	7,095,635
2025	3,025,000	4,819,815	7,844,815
2026-2030	19,877,907	23,647,324	43,525,231
2031-2035	30,619,691	18,255,106	48,874,797
2036-2040	22,985,000	12,980,947	35,965,947
2041-2045	25,800,000	8,421,028	34,221,028
2046-2048	33,725,000	3,751,731	37,476,731
	$ 143,637,598	$ 91,809,157	$ 235,446,755

PARS Supplementary Retirement Plan: The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan, which was available to employees that satisfied all the requirements outlined in the execution agreement with an effective date of April 15, 2016. There are 19 participants in the Plan. The District will make non-elective employer contributions to the participants' 403(b) annuity contract held with Pacific Life Insurance Company. The following is a schedule of the future payments for the PARS Supplementary Retirement Plan:

Year Ending June 30,	Annual Payments
2021	$ 205,181

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2020 is shown below:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Debt:					
Special Tax Bonds	$ 10,373,511	$ -	$ 538,899	$ 9,834,612	$ 552,449
Bond Anticipation Notes	-	53,525,000	-	53,525,000	-
General Obligation Bonds	117,820,000	-	3,095,000	114,725,000	2,690,000
Unamortized premiums	13,692,512	740,847	291,531	14,141,828	433,359
Certificates of Participation:					
Certificates of Participation	125,505,000	27,172,598	9,040,000	143,637,598	1,680,000
Other long-term liabilities:					
PARS	410,360	-	205,179	205,181	205,181
Net OPEB liability (Note 9)	5,351,122	1,758,795	-	7,109,917	-
Net pension liability (Notes 7 and 8)	72,420,000	-	140,000	72,280,000	-
Compensated absences	208,682	-	37,344	171,338	171,338
Total	$ 345,781,187	$ 83,197,240	$ 13,347,953	$ 415,630,474	$ 5,732,327

Payments on the Special Tax Bonds and Bond Anticipation Notes are made from the Mello-Roos Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Mello-Roos Fund. Payments for the PARS are made from the General Fund. Payments for the net OPEB liability, net pension liability and the compensated absences are made from the fund for which the related employee worked.

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2020 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	$ 5,000	$ -	$ -	$ 5,000
Prepaid expenditures	25,370	-	-	25,370
Stores inventory	-	-	11,705	11,705
Subtotal non-spendable	30,370	-	11,705	42,075
Restricted:				
Legally restricted programs	1,963,202	-	36,608	1,999,810
Capital projects	-	60,339,972	3,512,733	63,852,705
Debt service	-	-	14,266,621	14,266,621
Subtotal restricted	1,963,202	60,339,972	17,815,962	80,119,136
Assigned:				
Fund 17	720,056	-	-	720,056
Unassigned:				
Reserve for economic uncertainty	2,325,046	-	-	2,325,046
Undesignated	10,588,393	-	-	10,588,393
Subtotal unassigned	12,913,439	-	-	12,913,439
Total fund balances	$ 15,627,067	$ 60,339,972	$ 17,827,667	$ 93,794,706

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member’s highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state’s General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers’ share of the unfunded actuarial obligation of the DB Program.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned $1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2019-2020 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2019	8.25%	9.88%	17.10%(1)
July 01, 2020	8.25%	10.85%	16.15%(1)
July 01, 2021	8.25%	(2)	(2)
July 01, 2022 to June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately $2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed $5,493,192 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding[1]	Total State Appropriation to DB Program
July 01, 2019	2.017%	5.811%	2.50%	10.328%[2]
July 01, 2020	2.017%	5.811%[3]	2.50%	10.328%[2]
July 01, 2021 to June 30, 2046	2.017%	[4]	2.50%	[4]
July 01, 2046 and thereafter	2.017%	[5]	2.50%	[5]

(1) This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2) This rate does not include the $2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
(3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.
(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 52,504,000
State's proportionate share of the net pension liability associated with the District	28,645,000
Total	$ 81,149,000

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District's proportion was 0.058 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2018.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2020, the District recognized pension expense of $11,839,462 and revenue of $4,822,600 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 133,000	$ 1,480,000
Changes of assumptions	6,641,000	-
Net differences between projected and actual earnings on investments	-	2,022,000
Changes in proportion and differences between District's contributions and proportionate share of contributions	1,753,000	283,000
Contributions made subsequent to measurement date	5,493,192	-
Total	$ 14,020,192	$ 3,785,000

$5,493,192 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	$ 1,580,400
2022	$ 177,400
2023	$ 1,347,400
2024	$ 1,848,400
2025	$ (11,100)
2026	$ (200,500)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB
Not applicable for DBS/CBB	

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the 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 the total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 78,183,000	$ 52,504,000	$ 31,211,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020, were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers - The employer contribution rate was 18.06 percent of applicable member earnings.

The District contributed $1,917,766 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of $19,776,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2019, the District's proportion was 0.068 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $4,436,813. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,436,000	$ -
Changes of assumptions	941,000	-
Net differences between projected and actual earnings on investments	-	183,000
Changes in proportion and differences between District contributions and proportionate share of contributions	100,000	328,000
Contributions made subsequent to measurement date	1,917,766	-
Total	$ 4,394,766	$ 511,000

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$1,917,766 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2021	$	1,665,667
2022	$	174,667
2023	$	73,667
2024	$	52,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2018
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years (1-10)[1]	Expected Real Rate of Return Years 11+[2]
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period.
(2) An expected inflation rate of 2.92% used for this period.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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. 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 28,505,000	$ 19,776,000	$ 12,534,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District established an Other Postemployment Benefits Plan which is a single-employer defined benefit healthcare plan. The District participates in the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov. CERBT serves as an irrevocable trust, to ensure that funds contributed into the Trust are dedicated to service the needs of member districts, and their employees and retirees.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	Number of Participants
Inactive employees receiving benefits	18
Inactive employees entitled to but not receiving benefits	-
Participating active employees	581
	599

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided*:* The District pays the full cost of health care benefits to age 65 for employees who retired prior to June 30, 1990 and had reached age 60. The full cost of benefits is limited to the amount the District was paying as of June 30, 1990. After age 65, the District continues to pay 50% of the current certificate cap and the retiree pays the remainder. As of June 30, 2020, there were 14 retirees receiving benefits under this agreement.

The District's certificated retirees who had at least fifteen years of service and had reached a minimum age of 55 and retire after July 1, 2001 receive up to $6,455 per year in health care benefits for a maximum of 10 years or until age 65, whichever comes first. As of June 30, 2020, there were 9 retired employees receiving benefits under this agreement.

The District pays up to $2,775 per year in healthcare benefits for classified employees who had at least fifteen years of service and had reached age 55 and retired after July 1, 2003. These benefits cease after a maximum of five years or at age 65, whichever comes first. As of June 30, 2020, there were 3 retired employees receiving benefits under this agreement.

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $170,861 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return*
US Large Cap	43%	7.675%
US Small Cap	23%	7.675%
Long-Term Corporate Bonds	12%	5.175%
Long-Term Government Bonds	6%	4.380%
Treasury Inflation Protected Securities (TIPS)	5%	7.675%
US Real Estate	8%	7.675%
All Commodities	3%	7.675%

* Geometric average

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rolling periods of time for all asset classes were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2010 experience study.
Discount Rate as of June 30, 2019	3.8% Based on the long-term expected rate of return.
Assumed Investment Return	3.8%
Retirement Rate	Retirement rates match rates developed in the most Recent experience studies for California PERS (2014) and California STRS (2010)
Inflation Rate	2.75% per year
Dependent Coverage	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.
Funding Method	Entry Age Cost Method (Level Percentage of Pay).
Health Trend Rate	4%
Salary Increases	2.75%
Termination Rate	Termination rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010).
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 9,787,517	$ 4,436,395	$ 5,351,122
Changes for the year:			
Service cost	628,374	-	628,374
Interest	419,364	-	419,364
Expected investment income	-	186,309	(186,309)
Administrative expense	-	(950)	950
Employer contributions	-	170,861	(170,861)
Expected minus actual benefit payments	(62,856)	-	(62,856)
Experience gains/losses	881,913	-	881,913
Changes in assumptions	335,636	-	335,636
Investments gains/losses	-	87,416	(87,416)
Benefit payments	(170,861)	(170,861)	-
Net change	2,031,570	272,775	1,758,795
Balance at June 30, 2020	$ 11,819,087	$ 4,709,170	$ 7,109,917

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2020: 40%

There were no changes between the measurement date and the year ended June 30, 2020 which had a significant effect on the District's total OPEB liability. The change in assumed rate of return from 4.2% to 3.8% resulted in an increase to the liability of $335,636.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Net OPEB liability	$ 7,995,141	$ 7,109,917	$ 6,282,295

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3%)	Healthcare Cost Trend Rates Rate (4%)	1% Increase (5%)
Net OPEB liability	$ 6,571,260	$ 7,109,917	$ 7,500,635

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $1,047,898. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 759,271	$ -
Changes of assumptions	2,047,368	-
Net differences between projected and actual earnings on investments	-	162,806
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	205,101	-
Total	$ 3,011,740	$ 162,806

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

$205,101 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2021	$	185,519
2022	$	185,519
2023	$	185,519
2024	$	216,481
2025	$	233,961
Thereafter	$	1,636,834

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 13.6 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 10 - JOINT POWERS AGREEMENT

Schools Insurance Group: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information for SIG at June 30, 2019 (most recent):

Total assets	$	104,966,647
Deferred outflows of resources	$	302,925
Total liabilities	$	38,704,856
Deferred inflows of resources	$	68,338
Total net position	$	66,496,378
Total revenues	$	92,255,000
Total expenditures	$	91,961,717
Change in net position	$	293,283

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not component unit of the District for financial reporting purposes.

(Continued)

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

Construction Commitments: As of June 30, 2020, the District has $50.7 million in outstanding commitments on construction contracts. The District will meet these commitments through State funding, a bridge financing, and the issuance of Community Facilities District Bonds.

NOTE 12 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 24,458,691	$ 24,989,217	$ 24,539,035	$ (450,182)
Local sources	39,965,434	40,364,819	40,862,832	498,013
Total LCFF	64,424,125	65,354,036	65,401,867	47,831
Federal sources	2,326,564	3,021,142	2,498,752	(522,390)
Other state sources	5,715,545	6,616,506	7,677,640	1,061,134
Other local sources	4,109,767	5,068,727	5,101,096	32,369
Total revenues	76,576,001	80,060,411	80,679,355	618,944
Expenditures:				
Current:				
Certificated salaries	33,508,295	33,180,851	33,105,100	75,751
Classified salaries	9,740,953	9,767,661	9,782,633	(14,972)
Employee benefits	19,822,996	19,711,158	20,695,138	(983,980)
Books and supplies	3,775,216	5,995,739	3,062,656	2,933,083
Contract services and operating expenditures	7,416,835	8,312,120	7,707,930	604,190
Other outgo	2,041,415	1,895,572	1,845,582	49,990
Capital outlay	37,547	829,085	835,705	(6,620)
Debt service:				
Principal retirement	205,075	205,075	205,179	(104)
Total expenditures	76,548,332	79,897,261	77,239,923	2,657,442
Deficiency of revenues under expenditures	27,669	163,150	3,439,432	3,276,386
Other financing sources (uses):				
Transfers in	3,782	37,668	239,199	201,531
Transfers out	(138,755)	(313,360)	(78,358)	235,002
Total other financing sources (uses)	(134,973)	(275,692)	160,841	436,533
Change in fund balance	(107,304)	(112,542)	3,600,273	3,712,919
Fund balance, July 1, 2019	12,026,794	12,026,794	12,026,794	-
Fund balance, June 30, 2020	$ 11,919,490	$ 11,914,252	$ 15,627,067	$ 3,712,919

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
For the Year Ended June 30, 2020

Last 10 Fiscal Years

	2018	2019	2020
Total OPEB liability			
Service cost	$ 595,188	$ 611,556	$ 628,374
Interest	445,026	304,091	419,364
Changes in assumptions	-	2,035,583	335,636
Experience gains/losses	-	-	881,913
Benefit payments	(151,318)	(196,373)	(233,717)
Net change in total OPEB liability	888,896	2,754,857	2,031,570
Total OPEB liability, beginning of year	6,143,764	7,032,660	9,787,517
Total OPEB liability, end of year (a)	$ 7,032,660	$ 9,787,517	$ 11,819,087
Plan fiduciary net position			
Employer contributions	$ 151,318	$ 196,373	$ 170,861
Employee contributions	-	-	-
Investment gains/losses	-	154,790	87,416
Net investment income	393,328	172,733	186,309
Administrative expense	(1,996)	(7,637)	(950)
Benefits payment	(151,318)	(196,373)	(170,861)
Change in plan fiduciary net position	391,332	319,886	272,775
Fiduciary trust net position, beginning of year	3,725,177	4,116,509	4,436,395
Fiduciary trust net position, end of year (b)	$ 4,116,509	$ 4,436,395	$ 4,709,170
Net OPEB liability, ending (a) - (b)	$ 2,916,151	$ 5,351,122	$ 7,109,917
Covered payroll	$ 38,720,231	$ 39,795,256	$ 42,124,259
Plan fiduciary net position as a percentage of the total OPEB liability	59%	45%	40%
Net OPEB liability as a percentage of covered payroll	8%	13%	17%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.055%	0.056%	0.057%	0.057%	0.059%	0.058%
District's proportionate share of the pension liability	$ 32,101,000	$ 37,482,000	$ 45,850,000	$ 52,519,000	$ 53,798,000	$ 52,504,000
State's proportionate share of the net pension liability associated with the District	19,384,000	19,824,000	26,104,000	31,070,000	30,802,000	28,645,000
Total net pension liability	$ 51,485,000	$ 57,306,000	$ 71,954,000	$ 83,589,000	$ 84,600,000	$ 81,149,000
District's covered payroll	$ 24,468,000	$ 25,841,000	$ 28,252,000	$ 30,309,000	$ 30,944,000	$ 31,461,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	173.28%	173.86%	166.89%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

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

All years prior to 2015 are not available.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
District's proportion of the net pension	0.063%	0.065%	0.068%	0.069%	0.070%	0.068%
District's proportionate share of the net pension liability	$ 7,110,000	$ 9,545,000	$ 13,361,000	$ 16,589,000	$ 18,622,000	$ 19,776,000
District's covered payroll	$ 6,575,000	$ 7,169,000	$ 8,116,000	$ 8,855,000	$ 9,219,000	$ 9,405,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	187.34%	202.00%	210.27%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 2,294,702	$ 3,031,452	$ 3,812,851	$ 4,465,253	$ 5,121,861	$ 5,493,192
Contributions in relation to the contractually required contribution	(2,294,702)	(3,031,452)	(3,812,851)	(4,465,253)	(5,121,861)	(5,493,192)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 25,841,000	$ 28,252,000	$ 30,309,000	$ 30,944,000	$ 31,461,000	$ 32,124,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 843,887	$ 961,530	$ 1,229,817	$ 1,431,741	$ 1,698,812	$ 1,917,766
Contributions in relation to the contractually required contribution	(843,887)	(961,530)	(1,229,817)	(1,431,741)	(1,698,812)	(1,917,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,169,000	$ 8,116,000	$ 8,855,000	$ 9,219,000	$ 9,405,000	$ 9,724,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - 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. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Net OPEB Liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for OPEB was 7.0%, 4.2% and 3.8% in the June 30, 2017, June 30, 2018 and June 30, 2019 actuarial reports, respectively. The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period			
Assumption	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
ASSETS									
Cash in County Treasury	$ (31,000)	$ 19,982	$ (590,325)	$ 590,738	$ 3,100,142	$ 50,046	$ 8,370,996	$ 5,524,957	$ 17,035,536
Cash with fiscal agent	-	-	-	-	-	-	21,373	-	21,373
Collections awaiting deposit	5,658	-	367,372	29,956	-	-	90,975	-	493,961
Accounts receivable	17,672	16	126,916	487	2,577	41	6,908	5,812	160,429
Stores inventory	-	-	11,705	-	-	-	-	-	11,705
Due from other funds	34,337	-	111,047	-	1,538	-	250,000	-	396,922
All other current assets	-	-	1,342	-	-	-	-	-	1,342
Total assets	$ 26,667	$ 19,998	$ 28,057	$ 621,181	$ 3,104,257	$ 50,087	$ 8,740,252	$ 5,530,769	$ 18,121,268
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 21	$ 8,812	$ 13,838	$ 12,792	$ -	$ -	$ 4,400	$ -	$ 39,863
Due to other funds	3,738	-	-	250,000	-	-	-	-	253,738
Total liabilities	3,759	8,812	13,838	262,792	-	-	4,400	-	293,601
Fund balances:									
Nonspendable	-	-	11,705	-	-	-	-	-	11,705
Restricted	22,908	11,186	2,514	358,389	3,104,257	50,087	8,735,852	5,530,769	17,815,962
Total fund balance	22,908	11,186	14,219	358,389	3,104,257	50,087	8,735,852	5,530,769	17,827,667
Total liabilities and fund balances	$ 26,667	$ 19,998	$ 28,057	$ 621,181	$ 3,104,257	$ 50,087	$ 8,740,252	$ 5,530,769	$ 18,121,268

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
Revenues:									
Federal sources	$ 37,950	$ -	$ 1,219,772	$ -	$ -	$ -	$ -	$ -	$ 1,257,722
Other state sources	-	-	89,645	-	3,000,000	-	-	-	3,089,645
Other local sources	(414)	332	595,637	692,735	31,963	1,172	10,015,105	5,530,442	16,866,972
Total revenues	37,536	332	1,905,054	692,735	3,031,963	1,172	10,015,105	5,530,442	21,214,339
Expenditures:									
Current:									
Classified salaries	41,846	-	767,580	94,096	-	-	-	-	903,522
Employee benefits	25,011	-	373,931	38,143	-	-	-	-	437,085
Books and supplies	165	-	699,986	3,310	-	-	-	-	703,461
Services and other operating expenditures	94	-	50,904	161,710	11,090	-	313,701	-	537,499
Capital outlay	-	-	49,420	-	-	-	-	-	49,420
Debt service:									
Principal retirement	-	-	-	-	-	-	2,133,899	3,095,000	5,228,899
Interest	-	-	-	-	-	-	5,515,921	4,840,450	10,356,371
Total expenditures	67,116	-	1,941,821	297,259	11,090	-	7,963,521	7,935,450	18,216,257
Excess (deficiency) of revenues over (under) expenditures	(29,580)	332	(36,767)	395,476	3,020,873	1,172	2,051,584	(2,405,008)	2,998,082
Other financing sources (uses):									
Transfers in	33,318	-	45,040	-	-	-	250,000	-	328,358
Transfers out	(3,738)	-	-	(250,000)	-	(33,885)	-	(201,576)	(489,199)
Proceeds from issuance of refunding debt	-	-	-	-	-	-	8,285,000	-	8,285,000
Discount on issuance of debt	-	-	-	-	-	-	(45,961)	-	(45,961)
Deposit to refunding escrow	-	-	-	-	-	-	(7,445,000)	-	(7,445,000)
Total other financing sources (uses)	29,580	-	45,040	(250,000)	-	(33,885)	1,044,039	(201,576)	633,198
Net change in fund ballances	-	332	8,273	145,476	3,020,873	(32,713)	3,095,623	(2,606,584)	3,631,280
Fund balance, July 1, 2019	22,908	10,854	5,946	212,913	83,384	82,800	5,640,229	8,137,353	14,196,387
Fund balance, June 30, 2020	$ 22,908	$ 11,186	$ 14,219	$ 358,389	$ 3,104,257	$ 50,087	$ 8,735,852	$ 5,530,769	$ 17,827,667

Western Placer Unified School District, a political subdivision of the State of California, was established in 1966 and is comprised of an area of approximately 170 square miles located in Placer County. There were no changes in the boundaries of the District during the year. The District currently operates seven elementary schools, two middle schools, one comprehensive high school, one continuation high school and one independent study academy.

GOVERNING BOARD

Name	Office	Term Expires
Paul Long	President	November 2022
Brian Haley	Vice President	November 2020
Paul Carras	Clerk	November 2022
Damian Armitage	Member	November 2022
Kris Wyatt	Member	November 2020

ADMINISTRATION

Scott Leaman
Superintendent

Kerry Callahan
Deputy Superintendent, Educational Services

Audrey Kilpatrick
Assistant Superintendent, Business and Operations

Gabe Simon
Assistant Superintendent of Personnel Services

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2020

	Second Period Report	Annual Report
Certificate #:	1827F128	C2E28ED0
Elementary:		
Transitional Kindergarten through Third	2,153	2,153
Fourth through Sixth	1,561	1,561
Seventh through Eighth	1,106	1,106
Special Education	15	15
Total Elementary	4,835	4,835
Secondary:		
Ninth through Twelfth	2,020	2,020
Continuation Education	69	69
Special Education	23	23
Total Secondary	2,112	2,112
ADA Totals	6,947	6,947

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2020

Grade Level	Statutory Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	53,880	180	In Compliance
Grade 2	50,400	53,880	180	In Compliance
Grade 3	50,400	53,905	180	In Compliance
Grade 4	54,000	54,755	180	In Compliance
Grade 5	54,000	54,755	180	In Compliance
Grade 6	54,000	60,556	180	In Compliance
Grade 7	54,000	60,556	180	In Compliance
Grade 8	54,000	60,564	180	In Compliance
Grade 9	64,800	65,010	180	In Compliance
Grade 10	64,800	65,010	180	In Compliance
Grade 11	64,800	65,010	180	In Compliance
Grade 12	64,800	65,010	180	In Compliance

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	$ 1,249,806
84.173	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	101,553
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec. 619	13430	36,002
	Subtotal Special Education Cluster		1,387,361
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	605,095
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	107,634
	Subtotal ESEA: Title I		712,729
	ESEA Title III:		
84.365	ESEA: Title III, English Learner Student Program	14346	43,319
84.365	ESEA: Title III, Immigrant Education Program	15146	6,638
	Subtotal ESEA: Title III		49,957
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	183,161
84.424	ESEA: Title IV, Part A, Student Support	15396	24,449
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	35,500
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	37,950
	Total U.S. Department of Education		2,431,107

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.553	Especially Needy School Breakfast	13526	42,797
10.553	Child Nutrition: School Programs	13523	1,170,598
	Subtotal Child Nutrition Cluster		1,213,395
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13665	3,862
	Total U.S. Department of Agriculture		1,217,257
U.S. Department of Health and Human Services - Passed through California Department of Education			
	Medicaid Cluster:		
93.778	Department of Health Care Services (DHCS): Medi-Cal Billing Option - Medicaid Cluster	10013	$ 83,855
93.778	Unrestricted: Medi-Cal Administrative Activities (MAA)	10060	6,375
	Subtotal Medicaid Cluster		90,230
	Total Federal Awards		$ 3,738,594

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2020
(UNAUDITED)

	(Adopted Budget) 2021	2020	2019	2018
General Fund				
Revenues and other financing sources	$ 74,986,026	$ 80,918,554	$ 80,293,500	$ 70,315,584
Expenditures	79,272,765	77,239,923	77,071,868	72,135,079
Other uses and transfers out	345,360	78,358	57,840	23,719
Total outgo	79,618,125	77,318,281	77,129,708	72,158,798
Change in fund balance	$ (4,632,099)	$ 3,600,273	$ 3,163,792	$ (1,843,214)
Ending fund balance	$ 10,994,968	$ 15,627,067	$ 12,026,794	$ 8,863,002
Available reserves	$ 8,103,525	$ 12,913,439	$ 9,496,222	$ 7,525,900
Designated for economic uncertainties	$ 2,388,371	$ 2,325,046	$ 2,313,776	$ 2,168,961
Undesignated fund balance	$ 5,715,154	$ 10,588,393	$ 7,182,446	$ 5,356,939
Available reserves as percentages of total outgo	10.18%	16.70%	12.31%	10.43%
All Funds				
Total long-term liabilities	$ 409,898,147	$ 415,630,474	$ 345,781,187	$ 297,613,723
Average daily attendance at P-2	6,947	6,947	6,779	6,667

The General Fund fund balance has increased by $4,920,851 over the past three years. The fiscal year 2020-2021 budget projects a decrease of $4,632,099. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2020, the District met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating deficit in fiscal year 2021.

Total long-term liabilities have increased by $118,016,751 over the past two years.

Average daily attendance has increased by 280 over the past two years. No change of ADA is projected for the 2020-2021 fiscal year.

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2020

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0015 - Horizon Charter School	Separate report
1715 - John Adams Academy	Separate report

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance 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.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206. The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on July 1, 2020.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Western Placer Unified School District, and is presented on the 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)*. Expenditures are recognized following the cost principles in in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 3,756,474
Less: Medi-Cal Billing unspent funds	93.778	(15,366)
Child Nutrition: Child Care Food Program (CCFP)	10.558	(2,514)
Total Schedule of Expenditure of Federal Awards		$ 3,738,594

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2020-2021 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2020, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance with State Laws and Regulations

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2020.

Description	Procedures Performed
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Charter Schools – Attendance	

(Continued)

Description	Procedures Performed
Charter Schools - Mode of Instruction	No, see below
Charter Schools – Nonclassroom-Based Instruction/Independent Study	No, see below
Charter Schools – Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter Schools – Annual Instructional Minutes, Classroom-Based	No, see below
Charter Schools – Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because the ADA was under the level which required testing.

We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform procedures related to Juvenile Court Schools because the District does not offer Juvenile Court Schools.

We did not perform procedures related to Middle or Early College High Schools because the District does not offer Middle or Early College High Schools.

The District does not operate an Apprenticeship Program; therefore, we did not perform any testing of this program.

The District did not elect to operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

We did not perform procedures related to California Clean Energy Jobs Act because the District did not spend any California Clean Energy Jobs Act funds in the current fiscal year.

We did not perform procedures related to After/Before School Education and Safety Program - Before School because the District does not offer a before school program.

We did not perform procedures related to the Independent Study-Course Based Program, as the District does not operate an Independent Study-Course Based Program.

We did not perform procedures for the charter school section because the charter schools sponsored by the District have separate reports.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

(Continued)

Auditor's Responsibility

Our responsibility is to express an opinion on Western Placer Unified School District's compliance with state laws and regulations, as listed above of 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 State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide 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 Western Placer Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Western Placer Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Western Placer Unified School District's compliance.

Opinion with State Laws and Regulations

In our opinion, Western Placer Unified School District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

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*

Board of Trustees
Western Placer Unified School District
Lincoln, 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 Western Placer Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's financial statements, and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Placer Unified School District's internal control over financial reporting (internal control) as a basis for designing 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 Western Placer Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Placer Unified School District's internal control.

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance for Each Major Federal Program

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Western Placer Unified School District's major federal program for the year ended June 30, 2020. Western Placer Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, 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 Western Placer 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; 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 Western Placer 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 Western Placer Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Western Placer Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of Western Placer 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 Western Placer 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 Western Placer Unified School District's internal control over compliance.

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

FINDINGS AND RECOMMENDATIONS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Umodified		
Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

FEDERAL AWARDS

Internal control over major programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported	
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000		
Auditee qualified as low-risk auditee?	X Yes	____ No	

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Umodified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

No matters were reported.