



*Reports of Independent Auditors and
Financial Statements with
Supplemental Information*

Alameda Unified School District

June 30, 2021

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Alameda Unified School District

Management's Discussion and Analysis (unaudited)

June 30, 2021 and 2020

INTRODUCTION

Our discussion and analysis of Alameda Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

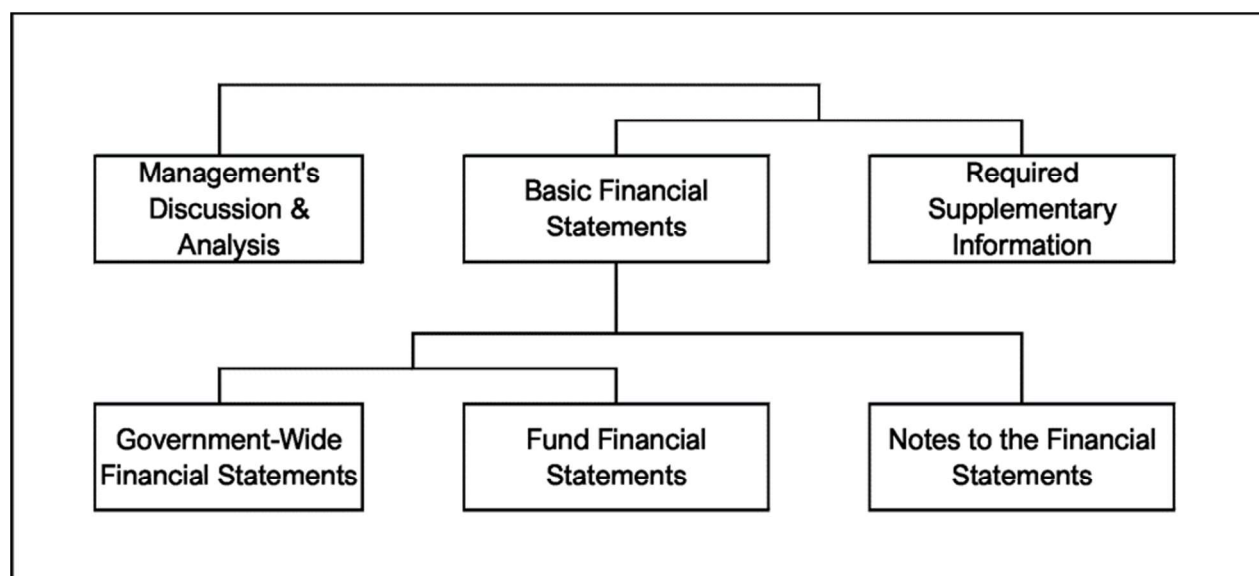
FINANCIAL HIGHLIGHTS

The District's total net position was \$(44,261,410) at June 30, 2021. This was an increase of \$20,520,346 from the prior year.

Overall revenues for the year ended June 30, 2021 were \$171,525,925 which exceeded expenses of \$151,230,396.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- Fund financial statements focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ◆ Governmental Funds provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Alameda Unified School District
Management's Discussion and Analysis (unaudited)
June 30, 2021 and 2020

- ◆ Fiduciary Funds report balances for which the District is a custodian or trustee of the funds, such as the Private-Purpose Trust fund.

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

Government-Wide Statements

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

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

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

Alameda Unified School District
Management's Discussion and Analysis (unaudited)
June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$(44,261,410) at June 30, 2021, as reflected in the table below. Of this amount, \$(84,404,825) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 123,543,415	\$ 130,246,872	\$ (6,703,457)
Capital assets	230,254,275	215,433,688	14,820,587
Total Assets	353,797,690	345,680,560	8,117,130
DEFERRED OUTFLOWS OF RESOURCES	48,464,936	44,234,632	4,230,304
LIABILITIES			
Current liabilities	15,197,653	16,706,120	(1,508,467)
Long-term liabilities	415,014,867	417,157,787	(2,142,920)
Total Liabilities	430,212,520	433,863,907	(3,651,387)
DEFERRED INFLOWS OF RESOURCES	16,311,516	20,833,041	(4,521,525)
NET POSITION			
Net investment in capital assets	(1,930,151)	(8,521,254)	6,591,103
Restricted	42,073,566	41,126,215	947,351
Unrestricted	(84,404,825)	(97,386,717)	12,981,892
Total Net Position	\$ (44,261,410)	\$ (64,781,756)	20,520,346

Alameda Unified School District
Management's Discussion and Analysis (unaudited)
June 30, 2021 and 2020

Changes in Net Position

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

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 4,209,738	\$ 3,277,054	\$ 932,684
Operating grants and contributions	36,878,691	26,712,122	10,166,569
Capital grants and contributions	5,279,351	162,679	5,116,672
General revenues			
Property taxes	79,213,684	68,069,138	11,144,546
Unrestricted federal and state aid	43,625,315	48,177,994	(4,552,679)
Other	2,319,146	3,129,633	(810,487)
Total Revenues	<u>171,525,925</u>	<u>149,528,620</u>	<u>21,997,305</u>
EXPENSES			
Instruction	84,089,926	83,264,887	825,039
Instruction-related services	14,603,678	14,997,072	(393,394)
Pupil services	10,320,604	11,211,991	(891,387)
General administration	8,867,036	9,305,913	(438,877)
Plant services	16,455,912	17,230,766	(774,854)
Ancillary and community services	1,738,384	1,879,665	(141,281)
Debt service	11,549,756	4,906,485	6,643,271
Other outgo	3,605,100	1,527,574	2,077,526
Total Expenses	<u>151,230,396</u>	<u>144,324,353</u>	<u>6,906,043</u>
Change in net position	20,295,529	5,204,267	15,091,262
Net Position - Beginning	<u>(64,781,756)</u>	<u>(69,986,023)</u>	<u>5,204,267</u>
Cumulative effect of GASB Statement No. 84 implementation	224,817	-	224,817
Net Position - Beginning, as restated	<u>(64,556,939)</u>	<u>(69,986,023)</u>	<u>5,429,084</u>
Net Position - Ending	<u>\$ (44,261,410)</u>	<u>\$ (64,781,756)</u>	<u>\$ 20,520,346</u>

The total cost of all our governmental activities this year was \$151,230,396, while net cost of activities was \$104,862,616 (refer to the table below). The amount that our taxpayers ultimately financed for these activities through taxes was \$79,213,684 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

Alameda Unified School District
Management's Discussion and Analysis (unaudited)
June 30, 2021 and 2020

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

	Net Cost (Revenue) of Services	
	2021	2020
Instruction	\$ 54,127,398	\$ 67,532,932
Instruction-related services	12,520,511	13,072,508
Pupil services	5,827,654	7,097,443
General administration	7,795,300	8,371,457
Plant services	12,529,536	16,915,808
Ancillary and community services	1,005,226	1,347,783
Debt service	11,549,756	4,906,485
Transfers (from) to other agencies	(492,765)	(5,071,918)
Total	<u>\$ 104,862,616</u>	<u>\$ 114,172,498</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$111,300,310, which is less than last year's ending fund balance of \$115,883,356. The District's General Fund had \$11,189,638 more in operating revenues than expenditures for the year ended June 30, 2021. The District's Building Fund had \$15,875,823 less in operating revenues than expenditures for the year ended June 30, 2021. The District's Bond Interest and Redemption Fund had \$5,105,642 less in operating revenues than expenditures for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

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

Alameda Unified School District
Management's Discussion and Analysis (unaudited)
June 30, 2021 and 2020

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the District had invested \$230,254,275 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 5,827,331	\$ 5,827,331	\$ -
Construction in progress	52,119,560	115,990,096	(63,870,536)
Land improvements	9,853,859	9,719,761	134,098
Buildings & improvements	267,102,206	180,300,204	86,802,002
Furniture & equipment	5,358,394	5,024,364	334,030
Accumulated depreciation	(110,007,075)	(101,428,068)	(8,579,007)
Total Capital Assets	\$ 230,254,275	\$ 215,433,688	\$ 14,820,587

Long-Term Liabilities

At year-end, the District had \$407,785,971 in long-term liabilities, a slight decrease of \$1,123,106 from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 263,059,912	\$ 269,912,605	\$ (6,852,693)
Lease revenue bonds	5,303,000	5,536,000	(233,000)
Compensated absences	150,114	402,081	(251,967)
Total OPEB liability	17,900,000	16,456,000	1,444,000
Net pension liability	128,601,841	124,851,101	3,750,740
Less: current portion of long-term liabilities	(7,228,896)	(8,248,710)	1,019,814
Total Long-term Liabilities	\$ 407,785,971	\$ 408,909,077	\$ (1,123,106)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

There are three major risks to the state and, by extension, the education budget:

The potential for an overheated economy largely due to run away inflation caused by:

- Unrelenting supply chain blockages
- Worker shortages
- Nearly unparalleled levels of federal spending

The uncertainty of the continued economic effects of COVID-19

Alameda Unified School District

Management's Discussion and Analysis (unaudited)

June 30, 2021 and 2020

Wall Street reaction to inflationary pressures and future Federal Reserve actions on interest rates

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

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

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans received a one-time funding allocation from the 2019-20 State Budget and continue to raise employer rates in future years. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office at 2060 Challenger Drive, Alameda, California 94501.

Report of Independent Auditors

Governing Board
Alameda Unified School District
Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Alameda 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 Alameda Unified School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, applied retroactively by restating the beginning governmental activities net position and beginning aggregate remaining fund information fund balance totaling \$224,817. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of Alameda Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alameda Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Unified School District's internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California
December 15, 2021

Financial Statements

Alameda Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 103,574,459
Receivables	19,929,611
Inventory	39,345
Capital assets, not depreciated	57,946,891
Capital assets, net of accumulated depreciation	<u>172,307,384</u>
Total Assets	<u>353,797,690</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	43,345,587
Deferred outflows of resources related to OPEB	5,079,284
Deferred outflows of resources related to loss on refunding	<u>40,065</u>
Total Deferred Outflows of Resources	<u>48,464,936</u>
LIABILITIES	
Accounts payable	10,315,379
Interest payable	2,954,548
Unearned revenue	1,927,726
Long-term liabilities, current portion	7,228,896
Long-term liabilities, non-current portion	<u>407,785,971</u>
Total Liabilities	<u>430,212,520</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	10,539,358
Deferred inflows of resources related to OPEB	<u>5,772,158</u>
Total Deferred Inflows of Resources	<u>16,311,516</u>
NET POSITION	
Net investment in capital assets	(1,930,151)
Restricted:	
Capital projects	16,812,423
Debt service	15,555,143
Legally restricted programs	9,706,000
Unrestricted	<u>(84,404,825)</u>
Total Net Position	<u>\$ (44,261,410)</u>

Alameda Unified School District
Statement of Activities
For the Year Ended June 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expenses) revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 84,089,926	\$ 1,739,092	\$ 22,944,085	\$ 5,279,351	\$ (54,127,398)
Instruction-related services					
Instructional supervision and administration	3,814,607	36,057	932,366	-	(2,846,184)
Instructional library, media, and technology	889,287	-	-	-	(889,287)
School site administration	9,899,784	10,195	1,104,549	-	(8,785,040)
Pupil services					
Home-to-school transportation	642,776	-	243,732	-	(399,044)
Food services	2,768,422	41,547	2,983,701	-	256,826
All other pupil services	6,909,406	2,944	1,221,026	-	(5,685,436)
General administration					
Centralized data processing	2,494,692	405	72,412	-	(2,421,875)
All other general administration	6,372,344	18,353	980,566	-	(5,373,425)
Plant services	16,455,912	198,338	3,728,038	-	(12,529,536)
Ancillary services	1,616,981	1,460	707,312	-	(908,209)
Community services	121,403	6,196	18,190	-	(97,017)
Interest on long-term debt	11,549,756	-	-	-	(11,549,756)
Other outgo	3,605,100	2,155,151	1,942,714	-	492,765
Total governmental activities	\$ 151,230,396	\$ 4,209,738	\$ 36,878,691	\$ 5,279,351	\$ (104,862,616)
General revenues:					
Taxes and subventions					
Property taxes, levied for general purposes					42,378,476
Property taxes, levied for debt service					12,358,593
Property taxes, levied for other specific purposes					24,476,615
Federal and state aid not restricted for specific purposes					43,625,315
Interest and investment earnings					540,188
Interagency revenues					178,474
Miscellaneous					1,600,484
Total general revenue					125,158,145
CHANGE IN NET POSITION					20,295,529
Net Position - July 1, 2020					(64,781,756)
Cumulative effect of GASB Statement No. 84 implementation (Note 1)					224,817
Net Position - July 1, 2020, as restated					(64,556,939)
Net Position - June 30, 2021					\$ (44,261,410)

Alameda Unified School District
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash in County Treasury	\$ 33,706,145	\$ 36,138,421	\$ 13,899,484	\$ 15,519,101	\$ 3,949,275	\$ 103,212,426
Cash on hand and in banks	46,915	-	-	-	264,110	311,025
Cash in revolving fund	50,000	-	-	-	1,008	51,008
Receivables	18,188,673	65,896	33,997	36,042	1,605,003	19,929,611
Due from other funds	107,990	-	-	-	-	107,990
Stores inventory	-	-	-	-	39,345	39,345
Total Assets	52,099,723	36,204,317	13,933,481	15,555,143	5,858,741	123,651,405
LIABILITIES						
Accounts payable	9,882,281	254,883	11,368	-	166,847	10,315,379
Due to other funds	-	-	-	-	107,990	107,990
Unearned revenue	1,927,726	-	-	-	-	1,927,726
Total Liabilities	11,810,007	254,883	11,368	-	274,837	12,351,095
FUND BALANCES						
Nonspendable	50,000	-	-	-	40,353	90,353
Restricted	7,293,876	35,949,434	13,922,113	15,555,143	5,543,551	78,264,117
Committed	1,000,000	-	-	-	-	1,000,000
Assigned	12,785,849	-	-	-	-	12,785,849
Unassigned	19,159,991	-	-	-	-	19,159,991
Total Fund Balances	40,289,716	35,949,434	13,922,113	15,555,143	5,583,904	111,300,310
Total Liabilities and Fund Balances	\$ 52,099,723	\$ 36,204,317	\$ 13,933,481	\$ 15,555,143	\$ 5,858,741	\$ 123,651,405

See accompanying notes.

Alameda Unified School District
Reconciliation of The Governmental Funds
Balance Sheet to The Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 111,300,310

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

Capital assets:

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

Capital assets	\$ 340,261,350	
Accumulated depreciation	<u>(110,007,075)</u>	230,254,275

Deferred amount on refunding:

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

40,065

Unmatured interest on long-term debt

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

(2,954,548)

Long-term liabilities:

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

Total general obligation bonds	(263,059,912)	
Lease revenue bonds	(5,303,000)	
Compensated absences	(150,114)	
Total OPEB liability	(17,900,000)	
Net pension liability	<u>(128,601,841)</u>	(415,014,867)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	43,345,587	
Deferred inflows of resources related to pensions	<u>(10,539,358)</u>	32,806,229

Deferred outflows and inflows of resources relating to OPEB

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

Deferred outflows of resources related to OPEB	5,079,284	
Deferred inflows of resources related to OPEB	<u>(5,772,158)</u>	<u>(692,874)</u>

Total Net Position - Governmental Activities		<u>\$ (44,261,410)</u>
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Alameda Unified School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 84,020,723	\$ -	\$ -	\$ -	\$ -	\$ 84,020,723
Federal sources	8,913,019	-	-	-	2,977,823	11,890,842
Other state sources	13,888,368	-	-	67,569	7,738,625	21,694,562
Other local sources	30,494,900	489,750	5,650,791	12,441,331	3,489,404	52,566,176
Total revenues	<u>137,317,010</u>	<u>489,750</u>	<u>5,650,791</u>	<u>12,508,900</u>	<u>14,205,852</u>	<u>170,172,303</u>
EXPENDITURES						
Current						
Certificated salaries	54,328,111	-	-	-	1,392,736	55,720,847
Classified salaries	19,199,281	573,447	-	-	1,960,265	21,732,993
Employee benefits	24,677,162	173,780	-	-	1,095,424	25,946,366
Books and supplies	4,081,901	5,459	-	-	1,037,503	5,124,863
Contract services and operating expenditures	20,984,572	289,371	210,767	-	165,110	21,649,820
Other outgo	1,577,100	-	-	-	2,028,000	3,605,100
Capital outlay	1,279,245	15,323,516	288,799	-	6,290,837	23,182,397
Debt service	-	-	-	7,210,263	233,000	7,443,263
Principal	-	-	-	10,404,279	170,238	10,574,517
Interest	-	-	-	17,614,542	14,373,113	174,980,166
Total expenditures	<u>126,127,372</u>	<u>16,365,573</u>	<u>499,566</u>	<u>17,614,542</u>	<u>14,373,113</u>	<u>174,980,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,189,638</u>	<u>(15,875,823)</u>	<u>5,151,225</u>	<u>(5,105,642)</u>	<u>(167,261)</u>	<u>(4,807,863)</u>
Other Financing Sources (Uses)						
Proceeds from sale of bonds	-	-	-	-	-	-
Transfers in	191,085	-	-	-	381,802	572,887
Transfers out	(381,803)	-	-	-	(191,084)	(572,887)
Net Financing Sources (Uses)	<u>(190,718)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,718</u>	<u>-</u>
NET CHANGE IN FUND BALANCES						
Fund Balance, June 30, 2020	10,998,920	(15,875,823)	5,151,225	(5,105,642)	23,457	(4,807,863)
Fund Balance, June 30, 2021	<u>29,290,796</u>	<u>51,825,257</u>	<u>8,770,888</u>	<u>20,660,785</u>	<u>5,335,630</u>	<u>115,883,356</u>
Cumulative effect of GASB Statement No. 84 implementation	-	-	-	-	224,817	224,817
Fund Balance, June 30, 2020, as restated	29,290,796	51,825,257	8,770,888	20,660,785	5,560,447	116,108,173
Fund Balance, June 30, 2021	<u>\$ 40,289,716</u>	<u>\$ 35,949,434</u>	<u>\$ 13,922,113</u>	<u>\$ 15,555,143</u>	<u>\$ 5,583,904</u>	<u>\$ 111,300,310</u>

See accompanying notes.

Alameda Unified School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
June 30, 2021

Net Change in Fund Balances - Governmental Funds \$ (4,807,863)

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

Capital outlay

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

Expenditures for capital outlay:	\$ 23,399,594	
Depreciation expense:	<u>(8,579,007)</u>	14,820,587

Debt service:

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

7,449,328

Deferred amounts on refunding:

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

(5,724)

Unmatured interest on long-term debt:

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

(611,944)

Alameda Unified School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities (Continued)
June 30, 2021

Accreted interest on long-term debt:

In governmental funds, payments made on accreted interest on capital appreciation bonds are reported as expenditures. In the In the government-wide statements, payments on accreted interest are reported as reductions of liabilities. Expenditures for payment of accreted interest were:

\$ 3,288,672

Accreted interest is an expense that is not recorded in the governmental funds.

(4,452,213)

Compensated absences:

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

251,967

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(407,685)

Pensions:

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

3,970,498

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

799,906

Change in Net Position of Governmental Activities

\$ 20,295,529

Alameda Unified School District
Fiduciary Funds
Statement of Net Position
June 30, 2021

	Trust Funds Private-Purpose Trust Fund
ASSETS	
Cash and investments	\$ 388,892
Accounts receivable	784
Total Assets	389,676
LIABILITIES	
Accounts payable	21,200
Total Liabilities	21,200
NET POSITION	
Restricted	368,476
Total Liabilities and Net Position	\$ 389,676

Alameda Unified School District
Fiduciary Funds
Statement of Changes in Net Position
For the Year Ended June 30, 2021

	Trust Funds Private-Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ 4,455
Other local sources	3,079
	<hr/>
Total additions	7,534
	<hr/>
DEDUCTIONS	
Other trust activities	21,201
	<hr/>
CHANGE IN NET POSITION	(13,667)
	<hr/>
Net Position, June 30, 2020	382,143
	<hr/>
Net Position, June 30, 2021	\$ 368,476
	<hr/> <hr/>

Alameda Unified School District

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The Alameda 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

The District receives funding from local, state and federal government source and must comply with all the requirements of these funding source entities.

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

Basis of Presentation – Financial Statements – The basic financial statements include a Management's Discussion and Analysis 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 Statements – The statement of net position and the statement of activities displays information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of 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 non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board 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 and interest on general long-term liabilities are considered indirect expenses and are reported separately on the statement of activities.

Alameda Unified School District

Notes to Financial Statements

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

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

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

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

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

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

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

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

Student Activity Fund: The Student Body Fund is a special revenue fund. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (California Education Code Sections 48930-48938).

Alameda Unified School District

Notes to Financial Statements

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (California Education Code Sections 52616[b] and 52501.5[a]).

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

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

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

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (California Education Code Section 42840).

Fiduciary Funds

Trust Funds: Trust funds are used to account for assets held in a trustee capacity for others that cannot be used to support the District's own programs.

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

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

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.

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

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

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

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

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

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

Alameda Unified School District
Notes to Financial Statements

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

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

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

Receivables – Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2021.

Inventories – Stores inventory in the Cafeteria Funds consist mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools.

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 -15 years
Vehicles	8 years

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.

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

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

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

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 shortened life of the refunded or refunding debt. Additionally, the District has recognized deferred outflows of resources related to the recognition of the pension and post-retirement benefits other than pensions ("OPEB") liabilities reported, which are 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 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 deferred inflows of resources related to the recognition of the pension and OPEB liabilities reported, which are in the Statement of Net Position.

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

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

Alameda Unified School District

Notes to Financial Statements

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:

	STRP	PERF B	Total
Deferred outflows of resources	\$ 25,697,791	\$ 17,647,796	\$ 43,345,587
Deferred inflow of resources	\$ 8,986,882	\$ 1,552,476	\$ 10,539,358
Net pension liability	\$ 82,657,614	\$ 45,944,227	\$ 128,601,841
Pension expense	\$ 7,029,948	\$ 1,994,550	\$ 9,024,498

Fund Balance – 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.

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

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

Committed – 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 District's Board of Education is required to remove any commitment from any fund balance.

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

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

Alameda Unified School District

Notes to Financial Statements

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.

Net Position – Net position is displayed in three components:

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

Restricted – Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted program represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

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

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

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

Alameda Unified School District

Notes to Financial Statements

New Accounting Pronouncements and Changes in Accounting Principles – In January 2017, the GASB issue GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement was to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions of GASB Statement No. 84 were adopted by the District for the year ended June 30, 2021, applied retroactively by restating financial statements. The District restated its beginning net position of governmental activities and the aggregate remaining fund information beginning fund balance by \$224,817.

NOTE 2 – CASH AND INVESTMENTS

The District's cash and investments at June 30, 2021 consisted of the following:

	Governmental Funds	Fiduciary Funds
Pooled Funds:		
Cash in County Treasury	\$ 103,212,426	\$ 388,892
Deposits		
Cash on hand and in banks	311,025	-
Cash in revolving fund	51,008	-
Total cash and investments	<u>\$ 103,574,459</u>	<u>\$ 388,892</u>

Pooled Funds: In accordance with California Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Alameda County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Alameda 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 Alameda County Treasurer, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the Alameda County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Interest rate risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing their exposure to fair value arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to investments held.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the Alameda County Treasury are not required to be rated. The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Alameda Unified School District

Notes to Financial Statements

Custodial Credit Risk: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,827,331	\$ -	\$ -	\$ 5,827,331
Construction in progress	115,990,096	20,171,758	(84,042,294)	52,119,560
Total Capital Assets not Being Depreciated	<u>121,817,427</u>	<u>20,171,758</u>	<u>(84,042,294)</u>	<u>57,946,891</u>
Capital assets being depreciated				
Land improvements	9,719,761	134,098	-	9,853,859
Buildings & improvements	180,300,204	86,802,002	-	267,102,206
Furniture & equipment	5,024,364	334,030	-	5,358,394
Total Capital Assets Being Depreciated	<u>195,044,329</u>	<u>87,270,130</u>	<u>-</u>	<u>282,314,459</u>
Less Accumulated Depreciation				
Land improvements	3,990,675	362,309	-	4,352,984
Buildings & improvements	94,688,761	7,887,221	-	102,575,982
Furniture & equipment	2,748,632	329,477	-	3,078,109
Total Accumulated Depreciation	<u>101,428,068</u>	<u>8,579,007</u>	<u>-</u>	<u>110,007,075</u>
Governmental Activities				
Capital Assets, net	<u>\$ 215,433,688</u>	<u>\$ 98,862,881</u>	<u>\$ (84,042,294)</u>	<u>\$ 230,254,275</u>

Alameda Unified School District

Notes to Financial Statements

Depreciation expense has been allocated to governmental activities as follows:

Instruction	\$ 3,558,520
Instructional supervision and administration	162,161
Instructional library, media, and technology	70,136
School site administration	642,375
Home-to-school transportation	74,323
Food services	131,731
All other pupil services	22,236
Ancillary services	77,436
Community services	4,851
All other general administration	274,390
Centralized data processing	113,759
Plant services	3,447,089
	<u>3,447,089</u>
Total Depreciation Expense	<u>\$ 8,579,007</u>

NOTE 4 – 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 fund interfund receivable and payable balances at June 30, 2021 were as follows:

Fund - Governmental Activities	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 107,990	\$ -
Non-Major Fund:		
Adult Education Fund	-	207
Child Development Fund	-	35,236
Cafeteria Fund	-	72,547
	<u>-</u>	<u>72,547</u>
Total Due From Other Funds	<u>\$ 107,990</u>	<u>\$ 107,990</u>

General Fund due to the Adult Education, Child Development, and Cafeteria Funds to reduce indirect cost rate.

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

Alameda Unified School District

Notes to Financial Statements

Transfers for the year ended June 30, 2021 consisted of the following:

Transfer from the General Fund to the Adult Education Fund for allocation of parcel taxes.	\$ 95,557
Transfer from the General Fund to the Child Development Fund for allocation of parcel taxes.	134,774
Transfer from the General Fund to the Cafeteria Fund for allocation of parcel taxes.	144,629
Transfer from the General Fund to the Special Reserve for Capital Outlay Projects for allocation of parcel taxes.	6,843
Transfer from the Adult Education Fund to the General Fund for indirect costs.	207
Transfer from the Child Development Fund to the General Fund for indirect costs.	118,330
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	72,547
	<u>\$ 572,887</u>

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 205,672,835	\$ -	\$ 7,216,328	\$ 198,456,507	\$ 6,187,990
Unamortized premium, net of discount	16,193,305	-	799,906	15,393,399	799,906
Accreted interest	48,046,465	4,452,213	3,288,672	49,210,006	-
Lease revenue bonds	5,536,000	-	233,000	5,303,000	241,000
Compensated absences	402,081	-	251,967	150,114	-
Total OPEB liability	16,456,000	1,444,000	-	17,900,000	-
Net pension liability	124,851,101	3,750,740	-	128,601,841	-
Total	<u>\$ 417,157,787</u>	<u>\$ 9,646,953</u>	<u>\$ 11,789,873</u>	<u>\$ 415,014,867</u>	<u>\$ 7,228,896</u>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for lease revenue bonds are made in the Special Reserve Fund for Capital Outlay Projects.

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
Election 2004, Series A	October 13, 2004	August 1, 2029	2.50% - 5.48%	\$ 40,998,093	\$ 21,530,602	\$ -	\$ 2,881,328	\$ 18,649,274
Election 2004, Series B	June 21, 2005	August 1, 2036	3.25% - 5.09%	21,997,233	17,432,233	-	-	17,432,233
Election 2014, Series A	June 5, 2015	August 1, 2039	2.00% - 5.00%	90,000,000	78,210,000	-	-	78,210,000
Election 2014, Series B	April 6, 2018	August 1, 2042	3.00% - 5.00%	27,000,000	23,440,000	-	4,100,000	19,340,000
Election 2014, Series C	August 14, 2019	August 1, 2042	2.00% - 4.00%	62,500,000	62,500,000	-	-	62,500,000
2015 Refunding	June 5, 2015	August 1, 2027	2.00% - 5.00%	3,405,000	2,560,000	-	235,000	2,325,000
					<u>\$ 205,672,835</u>	<u>\$ -</u>	<u>\$ 7,216,328</u>	<u>\$ 198,456,507</u>

Alameda Unified School District

Notes to Financial Statements

Election 2004

In an election held March 2, 2004, the voters authorized the District to issue and sale \$63,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing the construction, renovation, and repair of District facilities, as specified in a list submitted to the voters of the District. There were two issuances under this election.

Series A, which was issued on October 13, 2004 for \$40,998,093 with interest rates ranging from 2.50% to 5.48%. The original issuance consisted of \$3,000,000 in current interest serial bonds and \$37,998,093 in capital appreciation serial bonds. At June 30, 2021, the accreted interest related to the capital appreciation bonds totaled \$27,274,603. The bonds mature through August 2029 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,792,990	\$ 3,577,010	\$ 6,370,000
2023	2,711,399	3,863,061	6,574,460
2024	2,625,150	4,164,850	6,790,000
2025	2,541,826	4,468,174	7,010,000
2026	2,453,781	4,786,219	7,240,000
2027 - 2030	5,524,128	18,385,872	23,910,000
Total	<u>\$ 18,649,274</u>	<u>\$ 39,245,186</u>	<u>\$ 57,894,460</u>

Series B, which was issued on June 21, 2005 for \$21,997,233 with interest rates ranging from 3.25% to 5.09%. The original issuance consisted of \$4,565,000 in current interest serial bonds and \$17,432,233 in capital appreciation serial bonds. At June 30, 2021, the accreted interest related to the capital appreciation bonds totaled \$21,935,403. The bonds mature through August 2036 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027 - 2031	5,299,098	12,160,902	17,460,000
2032 - 2036	11,958,363	38,861,637	50,820,000
2037	174,772	5,075,228	5,250,000
Total	<u>\$ 17,432,233</u>	<u>\$ 56,097,767</u>	<u>\$ 73,530,000</u>

Election 2014

In the election held November 4, 2014, the voter authorized the District to issue and sale \$179,500,000 of principal amount of general obligation bonds. The Series A Bonds are being issued to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities. There have been three issuances under this election.

Alameda Unified School District

Notes to Financial Statements

Series A, which was issued on June 5, 2015 for \$90,000,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. The bonds mature through August 2039 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 3,832,375	\$ 3,832,375
2023	-	3,832,375	3,832,375
2024	-	3,832,375	3,832,375
2025	-	3,832,375	3,832,375
2026	605,000	3,817,250	4,422,250
2027 - 2031	8,840,000	18,135,938	26,975,938
2032 - 2036	27,660,000	13,932,500	41,592,500
2037 - 2039	41,105,000	4,282,375	45,387,375
Total	<u>\$ 78,210,000</u>	<u>\$ 55,497,563</u>	<u>\$ 133,707,563</u>

Series B, which was issued on April 6, 2018 for \$27,000,000 with interest rates ranging from 3.00% to 5.00%. The issuance consisted of current interest serial bonds. The bonds mature through August 2042 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 450,000	\$ 948,300	\$ 1,398,300
2023	215,000	935,000	1,150,000
2024	305,000	924,600	1,229,600
2025	400,000	908,500	1,308,500
2026	365,000	889,375	1,254,375
2027 - 2031	2,370,000	4,121,750	6,491,750
2032 - 2036	2,110,000	3,520,750	5,630,750
2037 - 2041	4,960,000	2,976,500	7,936,500
2042 - 2043	8,165,000	417,375	8,582,375
Total	<u>\$ 19,340,000</u>	<u>\$ 15,642,150</u>	<u>\$ 34,982,150</u>

Series C, which was issued on August 14, 2019 for \$62,500,000 with interest rates ranging from 2.00% to 4.00%. The issuance consisted of current interest serial bonds. The bonds mature through August 2042 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,695,000	\$ 2,089,450	\$ 4,784,450
2023	2,630,000	1,982,950	4,612,950
2024	1,315,000	1,904,050	3,219,050
2025	1,670,000	1,861,050	3,531,050
2026	1,570,000	1,812,950	3,382,950
2027 - 2031	10,515,000	7,927,450	18,442,450
2032 - 2036	12,225,000	5,588,075	17,813,075
2037 - 2041	17,145,000	3,375,225	20,520,225
2042 - 2043	12,735,000	389,775	13,124,775
Total	<u>\$ 62,500,000</u>	<u>\$ 26,930,975</u>	<u>\$ 89,430,975</u>

Alameda Unified School District

Notes to Financial Statements

2015 Refunding

The 2015 Refunding Bonds, which was issued on June 5, 2015 for \$3,405,000 with interest rates ranging from 2.00% to 5.00%. The issuance consisted of current interest serial bonds. These bonds were issued to refund the Election 2004, Series B current interest bond maturities August 1, 2016 – August 1, 2027.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 250,000	\$ 98,313	\$ 348,313
2023	280,000	89,788	369,788
2024	305,000	77,788	382,788
2025	335,000	63,163	398,163
2026	350,000	39,250	389,250
2027 - 2028	805,000	36,000	841,000
Total	<u>\$ 2,325,000</u>	<u>\$ 404,300</u>	<u>\$ 2,729,300</u>

B.

Lease Purchase Agreement

In order to finance costs associated with the acquisition of the District Office located at 2060 Challenger Drive, the District entered into a lease with the Public Property Financing Corporation of California (Lessor) on December 1, 2017. The Lessor has agreed to sublease the property back to the District and the District will be obligated to make lease payments as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 241,000	\$ 169,799	\$ 410,799
2023	249,000	162,374	411,374
2024	256,000	154,698	410,698
2025	264,000	147,179	411,179
2026	273,000	130,231	403,231
2027 - 2031	1,496,000	515,787	2,011,787
2032 - 2036	1,746,000	262,337	2,008,337
2037 - 2038	778,000	24,595	802,595
Total	<u>\$ 5,303,000</u>	<u>\$ 1,567,000</u>	<u>\$ 6,870,000</u>

C. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$150,114. This amount is included as part of long-term liabilities in the government-wide financial statements.

D. Other Postemployment Benefits

The District's beginning total OPEB liability was \$16,456,000 and increased by \$1,444,000 during the year ended June 30, 2021. The ending total OPEB liability at June 30, 2021 was \$17,900,000. See Note 7 for additional information regarding the total OPEB liability.

Alameda Unified School District

Notes to Financial Statements

E. Net Pension Liability

The District's beginning net pension liability was \$124,851,101 and increased by \$3,750,740 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$128,601,841. See Note 8 for additional information regarding the net pension liability.

NOTE 6 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 50,000	\$ -	\$ -	\$ -	\$ 1,008	\$ 51,008
Stores inventory	-	-	-	-	39,345	39,345
Total non-spendable	50,000	-	-	-	40,353	90,353
Restricted						
Educational programs	7,293,876	-	-	-	-	7,293,876
Capital projects	-	35,949,434	13,922,113	-	2,890,310	52,761,857
Debt service	-	-	-	15,555,143	-	15,555,143
All others	-	-	-	-	2,653,241	2,653,241
Total restricted	7,293,876	35,949,434	13,922,113	15,555,143	5,543,551	78,264,117
Committed						
Purchase of chromebooks	500,000	-	-	-	-	500,000
Textbook adoption	500,000	-	-	-	-	500,000
Total committed	1,000,000	-	-	-	-	1,000,000
Assigned						
Special reserve	5,949,050	-	-	-	-	5,949,050
State Deferral of LCFF	4,764,832	-	-	-	-	4,764,832
Differentiated Assistance	125,314	-	-	-	-	125,314
LCFF Supplemental Set Aside	803,545	-	-	-	-	803,545
FY 20/21 PO roll over	1,143,108	-	-	-	-	1,143,108
Total assigned	12,785,849	-	-	-	-	12,785,849
Unassigned						
Reserve for economic uncertainties	3,965,918	-	-	-	-	3,965,918
Remaining unassigned	15,194,073	-	-	-	-	15,194,073
Total unassigned	19,159,991	-	-	-	-	19,159,991
Total	<u>\$ 40,289,716</u>	<u>\$ 35,949,434</u>	<u>\$ 13,922,113</u>	<u>\$ 15,555,143</u>	<u>\$ 5,583,904</u>	<u>\$ 111,300,310</u>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, sufficient to cover any deficit plus the required 3% reserve.

Alameda Unified School District

Notes to Financial Statements

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

In addition to the pension benefits described in Note 8, the District provides postemployment health care benefits to eligible employees, Alameda Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The plan does not issue separate financial statements.

B. Benefits Provided

The District provides postemployment benefits for eligible participants enrolled in the District-sponsored plans. The benefits are provided in the form of:

- An implicit rate subsidy where retirees pay combined active/retiree rates for health coverage.
- An explicit subsidy where the District contributes towards the retiree health expenses.

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

- ACSA (Management) – Employees must be between the ages 55 and 65 with 10 or more years of service to be eligible for retiree benefits.
- AEA (Teachers) – Employees must be between the ages 52 and 65 to be eligible for retiree benefits.
- CSEA 27 (Clerical) – Employees must be between the ages 52 and 65 with 15 or more years of service to be eligible for retiree benefits.
- CSEA 27 (Paraprofessional) – Employees must be age 50 with 12 or more years of service to be eligible for retiree benefits.
- CSEA 860 – Employees must be age 50 with 15 or more years of service to be eligible for retiree benefits.

C. Contributions

The contribution requirements of Plan members and the Alameda Unified School District are established and may be amended by the Alameda Unified School District and the Alameda Teachers' Association and the local California Service Employees Association. For fiscal year 2020-21, the District contributed \$1,070,379 to the Plan, all of which was used for current premiums. Employees are not required to contribute to the OPEB plan.

Alameda Unified School District

Notes to Financial Statements

D. Employees Covered by Benefit Terms:

	Number of participants
Inactive employees receiving benefits	315
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,008
Total number of participants**	1,323

*Information not provided

**As of the June 30, 2021 valuation date

E. Total OPEB Liability

The Alameda Unified School District's total OPEB liability of \$17,900,000 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions and other inputs:

Inflation	3.50%
Salary increases	3.00%
Discount rate	2.16%
Healthcare cost trend rates	7.00%

Census Data – The census was provided by the District as of June 30, 2021.

Marriage Rate – it is assumed that 25% of future eligible retirees will cover a spouse on the District-sponsored medical plan at retirement.

Spouse Age – Spouse dates of birth were not provided by the District. Male spouses are assumed to be three years older than female spouses. Medicare Eligibility – All current and future retirees are assumed to be eligible for Medicare at age 65.

Actuarial Cost Method – Entry Age Normal based on level percentage of projected salary

Amortization Method – Experience gains and losses are amortized over a closed period of 7.6 years starting on June 30, 2020, equal to the average remaining service of active and inactive plan members who are receiving pre-Medicare health benefits. Assumption gains and losses are amortized over a closed period of 7.6 years starting on June 30, 2020, equal to the average remaining service of active and inactive plan members (who have no future service).

Mortality Rates – Pub-2010 mortality table with generational scale MP-2020.

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

Alameda Unified School District

Notes to Financial Statements

G. Changes in Total OPEB Liability

	<u>June 30, 2021</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 575,384
Interest Cost	367,157
Changes of benefit terms	360,091
Changes of assumptions	1,410,318
Differences between expected and actual experience	(432,835)
Benefits payments	<u>(836,115)</u>
Net change in total OPEB liability	1,444,000
Total OPEB liability - beginning	<u>16,456,000</u>
Total OPEB liability - ending	<u><u>\$ 17,900,000</u></u>
Covered-employee payroll	\$ 75,717,602
District's total OPEB liability as a percentage of covered-employee payroll	23.6%

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

The following presents the total OPEB liability of the Alameda Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease <u>1.16%</u>	Valuation Discount rate <u>2.16%</u>	1% increase <u>3.16%</u>
Total OPEB liability	\$ 20,393,000	\$ 17,900,000	\$ 15,863,000

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

The following presents the total OPEB liability of the Alameda Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current healthcare cost trend rate:

	1% Decrease <u>6.00%</u>	Valuation Health Care Trend Rate <u>7.00%</u>	1% increase <u>8.00%</u>
Total OPEB liability	\$ 15,597,000	\$ 17,900,000	\$ 20,792,000

Alameda Unified School District

Notes to Financial Statements

J. OPEB Expense, Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,243,800. At June 30, 2021, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,569,083
Changes in assumptions	<u>5,079,284</u>	<u>3,203,075</u>
	<u>\$ 5,079,284</u>	<u>\$ 5,772,158</u>

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

<u>Year Ended June 30,</u>	
2022	\$ (58,832)
2023	(58,832)
2024	(58,832)
2025	(295,849)
2026	(451,586)
Thereafter	231,057

NOTE 8 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. California State Teachers' Retirement System (CalSTRS)

Plan Description – The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The Teacher's Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by California Legislature, established this plan and CalSTRS as the administrator. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained at <http://www.calstrs.com>.

Benefits Provided – The CalSTRS defined benefit plan has two benefit formulas:

Alameda Unified School District

Notes to Financial Statements

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

In June 2019, California Senate Bill 90 (SB90) 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 portion of the contribution to supplant the amounts remitted by employers such that the amount 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 to the DB program.

Contributions – Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of applicable member earnings for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 16.15% of member earnings. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$8,257,064 for the year ended June 30, 2021.

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.

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 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.

Alameda Unified School District

Notes to Financial Statements

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. However, for the purpose of discussion, reference to AB 84 will also include the rate reduction for fiscal year 2019-20. The employer contribution rates set in statute and the 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.

In addition, the board's rate-setting authority for the state contribution rate will be suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.5% effective July 1, 2020, the rate increase will not go into effect. Instead, the state rate will remain at the 2019–20 level of 7.828% (which excludes the portion related to Supplemental Benefits Maintenance Account ("SBMA") funding).

On-Behalf Payments – In June 2019, California Senate Bill 90, Chapter 33, Statutes of 2019 (SB90), 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 required portions of the contribution to supplant the amounts submitted by employers such that amounts remitted would be 1.03% and 0.70% 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, 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	\$ 82,657,614
State's proportionate share of the net pension liability associated with the District	<u>40,616,442</u>
Total	<u><u>\$ 123,274,056</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.085 percent, which was an increase of 0.001 percent its proportion measured as of June 30, 2019.

Alameda Unified School District

Notes to Financial Statements

For the year ended June 30, 2021, the District recognized pension expense of \$7,029,948. In addition, the District recognized pension expense and revenue of \$4,822,181 for support provided by the State. At June 30, 2021, 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
Differences between projected and actual earnings on plan investments	\$ 5,161,313	\$ 3,199,210
Differences between expected and actual experience	145,852	2,329,623
Changes in assumptions	8,060,288	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,073,274	3,458,049
District contributions subsequent to the measurement date	8,257,064	-
	<u>\$ 25,697,791</u>	<u>\$ 8,986,882</u>

The \$8,257,064 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 494,710	\$ 989,009
2023	893,324	4,182,415
2024	4,836,982	2,157,001
2025	4,342,270	844,873
2026	4,344,828	353,846
2027	2,528,613	459,738
	<u>\$ 17,440,727</u>	<u>\$ 8,986,882</u>

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, 2020 measurement date. Deferred outflows and inflows of resources related to differences between projected and actual earning on plan investments are amortized over a closed period of 5 years.

Alameda Unified School District

Notes to Financial Statements

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation Date	June 30, 2019
Experience Study	June 1, 2015 through June 30, 2018
Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (annually)

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 to equal 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) series table.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	65.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

Alameda Unified School District

Notes to Financial Statements

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

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

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

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% increase 8.10%
District's proportionate share of the net pension liability	\$ 124,453,600	\$ 82,657,614	\$ 47,628,900

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

B. California Public Employees' Retirement System (CalPERS)

Plan Description – The District contributes to the Public Employer's Retirement Fund B (PERF B) under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained at <https://www.calpers.ca.gov>.

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

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

Alameda Unified School District

Notes to Financial Statements

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 20.70% of annual payroll. Contributions to the plan from the District were \$4,737,932 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the District reported a liability of \$45,944,227 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.150 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,994,550. At June 30, 2021, 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
Differences between projected and actual earnings on plan investments	\$ 2,104,872	\$ 1,148,459
Differences between expected and actual experience	2,278,693	-
Changes in assumptions	168,479	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,357,820	404,017
District contributions subsequent to the measurement date	4,737,932	-
	<u>\$ 17,647,796</u>	<u>\$ 1,552,476</u>

The \$4,737,932 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 387,444	\$ -
2023	2,386,801	-
2024	4,217,859	912,805
2025	5,917,760	639,671
	<u>\$ 12,909,864</u>	<u>\$ 1,552,476</u>

Alameda Unified School District
Notes to Financial Statements

Actuarial Methods and Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service
Post-retirement Benefit Increases	2.00% until Purchasing Power 2.0% until Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2019 valuation were based on results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Experience Study can be found 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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Alameda Unified School District Notes to Financial Statements

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

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

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

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

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

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

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

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% increase 8.15%
District's proportionate share of the net pension liability	\$ 66,053,201	\$ 45,944,227	\$ 29,254,783

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 – PARCEL TAXES

In an election held on November 8, 2016, the voters approved, by 74.25%, the Measure B1 parcel tax. The parcel tax replaces the existing school parcel tax (Measure A). Residential and commercial property owners will pay \$0.32 per square foot on buildings, with a maximum tax of \$7,999 per parcel. Properties with no buildings on them will pay \$299. Revenues raised by Measure B1 are authorized to be used only for those educational programs and activities set forth in the eleven specific categories set forth in the Measure B1 ballot language. Revenue of \$12,558,259 and expenditures of \$12,558,259 for the Measure B1 parcel tax for the year ended June 30, 2021 are included in these audited financial statements.

Alameda Unified School District

Notes to Financial Statements

In an election held on March 3, 2020, the voters approved, by 67.10%, the Measure A parcel tax. Under Measure A, property owners will be levied \$0.265 per building area square foot annually for seven years. The tax goes into effect July 1, 2020 and sunsets June 30, 2027. There is an annual cap of \$7,999 per parcel; vacant parcels will be charged \$299, annually. Seniors and community members who receive Social Security Disability payments can apply to be except from the parcel tax. Revenue from the Measure A parcel tax will be used for the specific purpose of attracting, recruiting, and retaining teachers and school employees, such as counselors, as set forth in the full text of the Measure A ballot. Revenue of \$10,687,066 and expenditures of \$10,687,066 for the Measure A parcel tax for the year ended June 30, 2021 are included in these audited financial statements.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Contingent Liabilities:

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's exposure to losses are managed by the District's participation in joint powers authorities, see Note 11.

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Construction Commitments:

As of June 30, 2021, the District had approximately \$2.0 million in outstanding commitments with respect to unfinished capital projects.

COVID-19 Pandemic:

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their clients, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the District's operations.

The District's administration has been closely monitoring the impact of COVID-19 on the District's operations, including the impact on its funding, contracts, and staff. The duration of the pandemic is uncertain but may influence its level of funding and timing of cash flows.

NOTE 11 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of two joint powers authorities (JPAs). The first is the Alameda County Schools Insurance Group (ACSIG) to provide workers' compensation insurance coverage and the second is the East Bay School Insurance Group (EBSIG) to provide liability and property insurance. The relationship between Alameda Unified School District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

Alameda Unified School District

Notes to Financial Statements

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

The following is a summary of financial information of ACSIG (unaudited) as of June 30, 2021 (the most recent information available):

Total assets	\$	69,991,884
Total deferred outflows of resources	\$	375,108
Total liabilities	\$	19,781,592
Total deferred inflows of resources	\$	6,684
Total net position	\$	50,578,716
Total revenues	\$	161,224,332
Total expenses	\$	155,356,494
Change in net position	\$	5,867,838

The following is a summary of financial information of EBSIG (unaudited) as of June 30, 2021 (the most recent information available):

Total assets	\$	3,785,372
Total liabilities	\$	1,095,789
Total net position	\$	2,689,583
Total revenues	\$	7,116,009
Total expenses	\$	6,002,605
Change in net position	\$	1,113,404

Required Supplemental Information

Alameda Unified School District
General Fund – Budgetary Comparison Schedule (unaudited)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Over/(Under) Budget
	Original	Final		
REVENUES				
LCFF sources	\$ 77,384,579	\$ 83,581,449	\$ 84,020,723	\$ 439,274
Federal sources	4,352,891	12,782,659	8,913,019	(3,869,640)
Other state sources	8,123,797	15,085,961	13,888,368	(1,197,593)
Other local sources	29,791,137	30,752,879	30,494,900	(257,979)
Total revenues	<u>119,652,404</u>	<u>142,202,948</u>	<u>137,317,010</u>	<u>(4,885,938)</u>
EXPENDITURES				
Current				
Certificated salaries	56,386,526	54,599,978	54,328,111	271,867
Classified salaries	20,372,480	19,342,726	19,199,281	143,445
Employee benefits	25,370,773	24,453,900	24,677,162	(223,262)
Books and supplies	4,042,240	6,641,156	4,081,901	2,559,255
Contract services and operating expenditures	18,843,319	22,652,175	20,984,572	1,667,603
Other outgo	1,507,372	1,489,673	1,577,100	(87,427)
Capital outlay	-	4,547,923	1,279,245	3,268,678
Total expenditures	<u>126,522,710</u>	<u>133,727,531</u>	<u>126,127,372</u>	<u>7,600,159</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,870,306)	8,475,417	11,189,638	(12,486,097)
Other Financing Sources (Uses)				
Transfers in	292,836	191,085	191,085	-
Transfers out	(458,890)	(476,669)	(381,803)	94,866
Net Financing Sources (Uses)	<u>(166,054)</u>	<u>(285,584)</u>	<u>(190,718)</u>	<u>94,866</u>
NET CHANGE IN FUND BALANCES	(7,036,360)	8,189,833	10,998,920	(12,391,231)
Fund Balance, June 30, 2020	<u>29,290,796</u>	<u>29,290,796</u>	<u>29,290,796</u>	<u>29,290,796</u>
Fund Balance, June 30, 2021	<u>\$ 22,254,436</u>	<u>\$ 37,480,629</u>	<u>\$ 40,289,716</u>	<u>\$ 16,899,565</u>

Alameda Unified School District
Schedule of Changes in Total OPEB Liability and Related Ratios (unaudited)
For the Year Ended June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<u>Total OPEB Liability</u>				
Service Cost	\$ 575,384	\$ 1,277,436	\$ 1,234,238	\$ 1,485,059
Interest Cost	367,157	539,300	271,683	866,074
Difference between expected and actual experience	(432,835)	-	(3,260,747)	-
Changes in benefit terms	360,091	-	-	-
Changes of assumptions	1,410,318	986,164	(4,667,651)	(681,776)
Benefits payments	<u>(836,115)</u>	<u>(966,222)</u>	<u>(953,960)</u>	<u>(1,135,477)</u>
Net change in total OPEB liability	1,444,000	1,836,678	(7,376,437)	533,880
Total OPEB liability - beginning	<u>16,456,000</u>	<u>14,619,322</u>	<u>21,995,759</u>	<u>21,461,879</u>
Total OPEB liability - ending	<u><u>\$ 17,900,000</u></u>	<u><u>\$ 16,456,000</u></u>	<u><u>\$ 14,619,322</u></u>	<u><u>\$ 21,995,759</u></u>
Covered-employee payroll	\$ 75,717,602	\$ 63,886,000	\$ 61,725,312	\$ 61,698,000
District's total OPEB liability as a percentage of covered-employee payroll covered-employee payroll	23.6%	25.8%	23.7%	35.7%

Alameda Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CALSTRS (unaudited)
For the Year Ended June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.085%	0.086%	0.085%	0.085%	0.089%	0.094%	0.093%
District's proportionate share of the net pension liability	\$ 82,657,614	\$ 81,284,457	\$ 78,341,696	\$ 78,476,732	\$ 72,263,400	\$ 63,430,668	\$ 54,194,713
State's proportionate share of the net pension liability associated with the District	40,616,442	48,791,116	44,854,504	46,426,550	41,144,321	33,547,741	32,968,406
Total	<u>\$ 123,274,056</u>	<u>\$ 130,075,573</u>	<u>\$ 123,196,200</u>	<u>\$ 124,903,282</u>	<u>\$ 113,407,721</u>	<u>\$ 96,978,409</u>	<u>\$ 87,163,119</u>
District's covered payroll	\$ 46,438,512	\$ 46,438,512	\$ 45,992,753	\$ 45,539,759	\$ 45,142,412	\$ 43,121,140	\$ 41,306,836
District's proportionate share of the net pension liability as a percentage of its covered payroll	178.0%	175.0%	170.3%	172.3%	160.1%	147.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

All years prior to 2015 are not available.

Alameda Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CALPERS (unaudited)
For the Year Ended June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.150%	0.149%	0.150%	0.155%	0.156%	0.156%	0.152%
District's proportionate share of the net pension liability	\$ 45,944,227	\$ 43,566,644	\$ 40,029,697	\$ 36,895,743	\$ 30,813,595	\$ 22,928,188	\$ 17,200,972
District's covered payroll	\$ 21,088,478	\$ 21,088,478	\$ 20,007,554	\$ 19,856,336	\$ 18,949,502	\$ 15,905,602	\$ 15,905,602
District's proportionate share of the net pension liability as a percentage of its covered payroll	217.9%	206.6%	200.1%	185.8%	162.6%	129.3%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.1%	70.8%	71.9%	73.9%	79.4%	83.4%

All years prior to 2015 are not available.

Alameda Unified School District
Schedule of the District's Contributions – CALSTRS (unaudited)
For the Year Ended June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 8,257,064	\$ 8,095,109	\$ 7,410,952	\$ 6,641,030	\$ 5,636,468	\$ 4,879,157	\$ 3,829,293
Contributions in relation to the contractually required contribution*	(8,257,064)	(8,095,109)	(7,410,952)	(6,641,030)	(5,636,468)	(4,879,157)	(3,829,293)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 51,127,331	\$ 47,339,819	\$ 46,438,512	\$ 45,992,753	\$ 45,539,759	\$ 45,142,412	\$ 43,121,140
Contributions as a percentage of covered payroll	16.15% **	17.10% *	15.96%	14.44%	12.38%	10.81%	8.88%

**The June 30, 2020 rate reflects the original employer contribution rate of 19.10 percent under AB 1469, reduced for the 2.95 percent to be paid on behalf of employers pursuant to SB 90.

*The June 30, 2020 rate reflects the original employer contribution rate of 18.13 percent under AB 1469, reduced for the 1.03 percent to be paid on behalf of employers pursuant to SB 90.

All years prior to 2015 are not available.

Alameda Unified School District
Schedule of the District's Contributions – CALPERS (unaudited)
For the Year Ended June 30, 2021

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 4,737,932	\$ 4,285,479	\$ 4,010,915	\$ 3,085,590	\$ 2,696,864	\$ 2,292,259	\$ 2,057,335
Contributions in relation to the contractually required contribution	<u>(4,737,932)</u>	<u>(4,285,479)</u>	<u>(4,010,915)</u>	<u>(3,085,590)</u>	<u>(2,696,864)</u>	<u>(2,292,259)</u>	<u>(2,057,335)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Districts covered payroll	\$ 22,888,560	\$ 21,731,638	\$ 21,088,478	\$ 20,007,554	\$ 19,856,336	\$ 18,949,502	\$ 17,735,189
Contributions as a percentage of covered payroll	20.70%	19.72%	19.02%	15.42%	14.23%	12.92%	12.93%

All years prior to 2015 are not available.

Alameda Unified School District

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

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 (“GAAP”) 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 Total OPEB Liability and Related Ratios

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

Contributions

No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For the year ended June 30, 2021, the District contributed \$836,115 to the Plan, all of which was used for premiums.

Changes in Benefit Terms

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

Changes in Assumptions

- The discount rate used in the actuarial valuation for OPEB was as follows:

<u>Measurement Period</u>	<u>Discount Rate</u>
June 30, 2017	3.50%
June 30, 2018	3.87%
June 30, 2019	2.21%
June 30, 2020	2.16%

- Mortality improvement scale was updated to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries’ recent mortality study.
- Trend rates were reset to 7.0 percent (6.0 percent for Medicare) and graded down by 0.25 percent until reaching 4.0 percent.

Alameda Unified School District
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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

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

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate used in the actuarial valuation for Public Employer's Retirement Fund B was as follows:

<u>Measurement Period</u>	<u>Discount Rate</u>
June 30, 2013	7.50%
June 30, 2014	7.65%
June 30, 2015	7.65%
June 30, 2016	7.15%
June 30, 2017	7.15%
June 30, 2018	7.15%
June 30, 2019	7.15%

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

<u>Assumption</u>	<u>Measurement Period</u>					
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

D – Schedule of the District's Contributions

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

Alameda Unified School District
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows in the schedule below.

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
<u>General Fund</u>			
Employee benefits	\$ 24,453,900	\$ 24,677,162	\$ (223,262)

Supplemental Information

Alameda Unified School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,342,649
ESSA: School Improvement Funding for LEAs	84.010	15438	35,538
Subtotal Title I, Part A			1,378,187
Adult Education Programs:			
Adult Education: Adult Basic Education & ESL	84.002A	14508	166,191
Adult Education: Adult Secondary Education	84.002	13978	29,867
Adult Education: English Literacy and Civics Education	84.002A	14109	33,391
Subtotal Adult Education Programs			229,449
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	131,417
Title III Programs:			
Title III, English Learner Student Program	84.365	14346	123,095
Title III, Immigrant Education Program	84.365	15146	140
Subtotal Title III Programs:			123,235
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,888,037
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	107,159
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	57,164
Subtotal Special Education Cluster			2,052,360
COVID-19 - Education Stabilization Fund			
COVID 19 - Elementary and Secondary School Emergency Relief Fund	84.425	15536	802,819
COVID 19 - Elementary and Secondary School Emergency Relief II Fund	84.425	15547	99,319
COVID 19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	196,648
COVID 19 - Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	171,201
Subtotal COVID-19 - Education Stabilization Fund			1,269,987
IDEA Early Intervention Grants, Part C	84.181	23761	71,072
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	41,267
Title X McKinney-Vento Homeless Children Assistance Grants	84.196	14332	29,500
State Vocational Rehabilitation Services Program - We Can Work	84.126A	*	48,762
Total U. S. Department of Education			5,375,236
U. S. DEPARTMENT OF TREASURY			
<i>Passed through California Department of Education:</i>			
COVID-19 - Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	2,272,830
Total U. S. Department of Treasury			2,272,830
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster	10.553	13525	1,543,714
CACFP Claims - Centers and Family Day Care	10.558	*	508,743
Total U. S. Department of Agriculture			2,052,457
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Federal Child Care, Center-based, (CCTR) and (CFCC) - CCDF Cluster	93.596	13609	286,263
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option - Medicaid Cluster	93.778	10013	165,166
Total U. S. Department of Health & Human Services			451,429
Total Federal Expenditures			\$ 10,151,952

* Pass through identifier is not available or not applicable.

Alameda Unified School District
Schedule of Instructional Time
For the Year Ended June 30, 2021

Grade Level	Number of Days	Status
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

Alameda Unified School District
Schedule of Financial Trends and Analysis (unaudited)
For the Year Ended June 30, 2021

	(Adopted Budget)			
	2022	2021	2020	2019
<u>General Fund</u>				
Revenues And Other Financing Sources	\$ 133,601,290	\$ 137,508,095	\$ 120,402,435	\$ 123,114,560
Expenditures And Other Financing Uses	<u>136,659,163</u>	<u>126,509,175</u>	<u>120,857,414</u>	<u>122,372,470</u>
Net change in Fund Balance	<u>\$ (3,057,873)</u>	<u>\$ 10,998,920</u>	<u>\$ (454,979)</u>	<u>\$ 742,090</u>
Ending Fund Balance	<u>\$ 36,403,548</u>	<u>\$ 40,289,716</u>	<u>\$ 29,290,796</u>	<u>\$ 29,745,775</u>
Available Reserves*	<u>\$ 20,356,705</u>	<u>\$ 19,159,991</u>	<u>\$ 17,702,241</u>	<u>\$ 14,453,213</u>
Available Reserves As A Percentage Of Outgo	14.90%	15.15%	14.65%	11.81%
Long-term Liabilities	<u>\$ 407,785,971</u>	<u>\$ 344,469,447</u>	<u>\$ 344,469,447</u>	<u>\$ 352,005,627</u>
Average Daily Attendance At P-2	8,965	8,979	8,979	9,075

The General Fund balance has increased by \$10,543,941 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$3,057,873. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have decreased by \$7,536,180 over the past two years.

Average daily attendance has decreased by 96 ADA over the past two years. A decrease of 14 ADA is anticipated during the 2021-22 fiscal year.

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

Alameda Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial
Statements
For the Year Ended June 30, 2021

There were no audit adjustments made to any of the funds of the District.

Alameda Unified School District
Schedule of Charter Schools
For the Year Ended June 30, 2021

<u>Charter #</u>	<u>Charter School</u>	<u>Status</u>	<u>Included in Audit Report</u>
1181	Academy of Alameda-Middle School	Active	No
1718	Academy of Alameda-Elementary School	Active	No
1066	Community Learning Center Inc., (NEA)	Active	No
0352	Alameda Community Learning Center (ACLC)	Active	No
0398	Alternatives in Action (BASE)	Active	No

Alameda Unified School District
Combining Balance Sheet – All Non-Major Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS							
Cash in County Treasury	\$ -	\$ 172,087	\$ 587,856	\$ 803,622	\$ 23,431	\$ 2,362,279	\$ 3,949,275
Cash on hand and in banks	241,117	4,968	-	18,025	-	-	264,110
Cash in revolving fund	-	-	-	1,008	-	-	1,008
Cash collections awaiting deposit	-	-	-	-	-	-	-
Receivables	-	271,661	198,963	629,779	8,549	496,051	1,605,003
Due from other funds	-	-	-	-	-	-	-
Stores inventory	-	-	-	39,345	-	-	39,345
Total assets	<u>241,117</u>	<u>448,716</u>	<u>786,819</u>	<u>1,491,779</u>	<u>31,980</u>	<u>2,858,330</u>	<u>5,858,741</u>
LIABILITIES							
Accounts payable	-	13,561	69,885	83,401	-	-	166,847
Due to other funds	-	207	35,236	72,547	-	-	107,990
Total liabilities	<u>-</u>	<u>13,768</u>	<u>105,121</u>	<u>155,948</u>	<u>-</u>	<u>-</u>	<u>274,837</u>
FUND BALANCES							
Nonspendable	-	-	-	40,353	-	-	40,353
Restricted	241,117	434,948	681,698	1,295,478	31,980	2,858,330	5,543,551
Total Fund Balances	<u>241,117</u>	<u>434,948</u>	<u>681,698</u>	<u>1,335,831</u>	<u>31,980</u>	<u>2,858,330</u>	<u>5,583,904</u>
Total Liabilities and Fund Balance	<u>\$ 241,117</u>	<u>\$ 448,716</u>	<u>\$ 786,819</u>	<u>\$ 1,491,779</u>	<u>\$ 31,980</u>	<u>\$ 2,858,330</u>	<u>\$ 5,858,741</u>

Alameda Unified School District

Combining Statement of Revenues, Expenditures, And Changes in Fund Balances – All Non-Major Funds For the Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES							
Federal sources	\$ -	\$ 229,449	\$ 365,643	\$ 2,382,731	\$ -	\$ -	\$ 2,977,823
Other state sources	-	865,177	1,506,476	138,115	5,228,857	-	7,738,625
Other local sources	261,432	2,610	35,779	164,887	50,493	2,974,203	3,489,404
Total revenues	261,432	1,097,236	1,907,898	2,685,733	5,279,350	2,974,203	14,205,852
EXPENDITURES							
Current							
Certificated salaries	-	586,940	805,796	-	-	-	1,392,736
Classified salaries	-	227,484	539,561	1,126,588	-	66,632	1,960,265
Employee benefits	-	258,932	453,459	360,582	-	22,451	1,095,424
Books and supplies	245,132	9,239	21,902	761,230	-	-	1,037,503
Contract services and operating expenditures	-	37,178	29,431	31,137	-	67,364	165,110
Other outgo	-	-	-	-	-	2,028,000	2,028,000
Capital outlay	-	-	-	5,818	6,285,019	-	6,290,837
Debt service	-	-	-	-	-	233,000	233,000
Principal	-	-	-	-	-	170,238	170,238
Interest	-	-	-	-	-	-	-
Total expenditures	245,132	1,119,773	1,850,149	2,285,355	6,285,019	2,587,685	14,373,113
Excess (Deficiency) of Revenues Over Expenditures	16,300	(22,537)	57,749	400,378	(1,005,669)	386,518	(167,261)
Other Financing Sources (Uses)							
Transfers in	-	95,556	134,774	144,629	-	6,843	381,802
Transfers out	-	(207)	(118,330)	(72,547)	-	-	(191,084)
Total other financing sources (uses)	-	95,349	16,444	72,082	-	6,843	190,718
NET CHANGE IN FUND BALANCE							
Fund Balance, June 30, 2020	16,300	72,812	74,193	472,460	(1,005,669)	393,361	23,457
Fund Balance, June 30, 2021	-	362,136	607,505	863,371	1,037,649	2,464,969	5,335,630
Cumulative effect of GASB Statement No. 84 implementation	224,817	-	-	-	-	-	224,817
Fund Balance, June 30, 2020, as restated	224,817	362,136	607,505	863,371	1,037,649	2,464,969	5,560,447
Fund Balance, June 30, 2021	\$ 241,117	\$ 434,948	\$ 681,698	\$ 1,335,831	\$ 31,980	\$ 2,858,330	\$ 5,563,904

Alameda Unified School District
Organization (unaudited)
June 30, 2021

The District boundaries encompass the City of Alameda. There were no boundary changes during the year. The District provides education for grades K-12 and is currently operating ten elementary schools, two middle schools, two high schools, one continuation school, one early college high school, one adult school and one child development center. Five charter schools also operate within the District boundaries.

GOVERNING BOARD

Member	Office	Term Expires
Mia Bonta	President	December 2022
Jennifer Williams	Vice President	December 2024
Megan Sweet, Ed.D	Board Clerk	December 2024
Gary Lym	Trustee	December 2024
Heather Little	Trustee	December 2024

DISTRICT ADMINISTRATORS

Pasquale Scuderi
Superintendent

Shariq Khan
Chief Business Officer

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of presentation – The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) includes the Federal grant activity of the Alameda Unified School District (the “District”) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	Federal Assistance Listing Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 11,890,842
Medi-Cal Billing Option - Expenditures in excess of revenues	93.778	79,452
COVID-19 - Child Development: Coronavirus Response and Relief Supplemental Appropriations Act One-time Stipend - revenue in excess of expenditures	93.596	(79,380)
Child Nutrition Cluster - revenue in excess of expenditures	10.553	(57,316)
CAFCP Claims - revenue in excess of expenditures	10.558	(101,757)
COVID-19 - Coronavirus Relief Fund: Learning Loss Mitigation	21.019	<u>(1,579,889)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 10,151,952</u>

The District has elected not to use the 10 percent de minimis indirect cost rate allowed in the Uniform Guidance.

Summary of Significant Accounting Policies – Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Schedule of Instructional Time

This schedule presents information on the amount of instructional day offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. During the year ended June 30, 2021, the District participated in the Longer Day incentive funding program. As of June 30, 2021, the District had met its target funding.

Alameda Unified School District

Notes to Supplementary Information

June 30, 2021

Schedule of Financial Trends and Analysis (unaudited)

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

Report of Independent Auditors on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Governing Board
Alameda Unified School District
Alameda, 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 Alameda Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Alameda Unified School District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Mass Adams LLP

San Francisco, California
December 15, 2021

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Governing Board
Alameda Unified School District
Alameda, California

Report on Compliance for Each Major Federal Program

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Alameda Unified School District's major federal programs for the year ended June 30, 2021. Alameda Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on the Major Federal Program

In our opinion, Alameda Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Alameda 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 Alameda 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 Alameda 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.

Mass Adams LLP

San Francisco, California
December 15, 2021

Report of Independent Auditors on Compliance with State Compliance

Governing Board
Alameda Unified School District
Alameda, California

We have audited Alameda Unified School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") published by the California Education Audit Appeals Panel, for the year ended June 30, 2021. Alameda Unified School District's state compliance requirements are identified in the table below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alameda Unified School District's state laws and regulations as listed above based on our audit of 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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards and the Audit Guide 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 material effect on Alameda Unified School District's compliance with state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Alameda 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 Alameda Unified School District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine Alameda Unified School District's compliance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel, to the following items:

PROCEDURES & DESCRIPTION	PROCEDURES PERFORMED
Local Education Agencies other than Charter Schools:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable, see below
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable, see below
School Districts, County Offices of Education and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study-Course Based	Not Applicable, see below
Charter Schools:	
Attendance; for charter schools	Not Applicable, see below
Mode of Instruction; for charter schools	Not Applicable, see below
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable, see below
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable, see below
Annual Instructional Minutes — Classroom Based; for charter schools	Not Applicable, see below
Charter School Facility Grant Program	Not Applicable, see below

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

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District did not offer this program in the current year.

We did not perform any procedures related to District of Choice because the District was not reported as a District of Choice, per the California Department of Education.

We did not perform any procedures related to Independent Study-Course Based because the ADA claimed was not material.

We did not perform any procedures related the Charter Schools because the District did not include any charter schools in their report in the current year.

Opinion on Compliance with State Compliance

In our opinion, Alameda Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Mass Adams LLP

San Francisco, California
December 15, 2021

Schedule of Findings and Questioned Costs

Alameda Unified School District
Section I – Summary of Auditors’ Results
For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal program and type of auditor’s report issued on compliance for the major federal program:

<i>Federal Assistance Listing Number</i>	<i>Name of Major Federal Program</i>	<i>Type of Auditor’s Report Issued in Compliance for Major Federal Program</i>
84.027, 84.027A, 84.173	Special Education Cluster	<i>Unmodified</i>
84.425, 84.425C	COVID-19 - Education Stabilization Fund	<i>Unmodified</i>
21.019	COVID-19 – Coronavirus Relief Fund: Learning Loss Mitigation	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Alameda Unified School District
Section II – Financial Statement Findings
For the Year Ended June 30, 2021

None reported.

Alameda Unified School District
Section III – Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2021

None reported.

Alameda Unified School District
Section IV – State Award Findings and Questioned Costs
For the Year Ended June 30, 2021

None reported.

Alameda Unified School District
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2021

There were no findings noted in the prior year.