Financial Statements
June 30, 2020

Piedmont Unified School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Piedmont Unified School District
Piedmont, 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 Piedmont Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

3130 Crow Canyon Pl., Ste. 300 | San Ramon, CA 94583-1386 | T 925.480.4000 | F 925.884.2480 | EOE

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 Piedmont Unified School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 16 to the financial statements, certain errors resulted in an understatement of deposits and investments, and an overstatement of accounts receivable for amounts previously reported as of June 30, 2019. Accordingly, net position and fund balance as of July 1, 2019 has been restated to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piedmont Unified School District's financial statements. The local education agency organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, combining and individual nonmajor fund financial statements (supplementary information) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed 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 a report dated February 5, 2021 on our consideration of Piedmont Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Piedmont 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 Piedmont Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

San Ramon, California
February 5, 2021

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

The Primary unit of the government is the Piedmont Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net (deficit) position was $(23,451,358) for the fiscal year ended June 30, 2020. Of this amount, $(37,308,874) 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 net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities 2020	Governmental Activities 2019 (Restated)
Assets		
Current and other assets	$ 74,523,401	$ 59,164,511
Capital assets	102,452,261	79,970,149
Total assets	176,975,662	139,134,660
Deferred outflows of resources	12,862,405	14,707,292
Liabilities		
Current liabilities	10,183,429	3,992,283
Long-term liabilities	199,395,708	170,789,203
Total liabilities	209,579,137	174,781,486
Deferred inflows of resources	3,710,288	3,736,401
Net Position		
Net investment in capital assets	2,247,955	(12,293)
Restricted	10,378,554	7,561,260
Unrestricted	(36,077,867)	(32,224,904)
Total net position	$ (23,451,358)	$ (24,675,937)

The $(36,077,867) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2020	2019 (Restated)
Revenues		
Program revenues		
Operating grants and contributions	$ 7,979,644	$ 6,926,846
General revenues		
Federal and State aid not restricted	9,979,370	10,641,001
Property taxes	31,947,654	29,884,906
Other general revenues	4,959,655	5,318,587
Total revenues	54,866,323	52,771,340
Expenses		
Instruction-related	36,869,585	34,691,223
Pupil services	3,526,729	3,541,973
Administration	3,632,369	3,467,494
Plant services	4,542,171	4,254,079
Other	5,070,890	4,305,240
Total expenses	53,641,744	50,260,009
Change in net position	$ 1,224,579	$ 2,511,331

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $53,641,744. The amount that our taxpayers ultimately financed for these activities through local taxes was $31,947,654. The part of the cost paid by other governments and organizations who subsidized certain programs with grants and contributions was $7,979,644. We paid for the remaining "public benefit" portion of our governmental activities with $14,939,025 in Federal and State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 36,869,585	$ 34,691,223	$ (30,364,214)	$ (29,646,020)
Pupil services	3,526,729	3,541,973	(3,003,434)	(3,100,390)
Administration	3,632,369	3,467,494	(3,427,874)	(3,316,692)
Plant services	4,542,171	4,254,079	(4,381,474)	(4,056,372)
All other services	5,070,890	4,305,240	(4,485,104)	(3,213,689)
Total	$ 53,641,744	$ 50,260,009	$ (45,662,100)	$ (43,333,163)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $66,154,311, which is an increase of $9,504,723 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019 (Restated)	Revenues	Expenditures	June 30, 2020
General	$ 2,720,922	$ 43,635,697	$ 43,385,119	$ 2,971,500
Cafeteria	728,963	693,527	680,810	741,680
Building	16,776,790	30,674,236	25,197,206	22,253,820
County School Facilities	3,579	73	-	3,652
Special Reserve Fund for Capital Outlay Projects	444,763	8,487	-	453,250
Bond Interest and Redemption	35,974,571	11,848,181	8,092,343	39,730,409
Total	$ 56,649,588	$ 86,860,201	$ 77,355,478	$ 66,154,311

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 30, 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74).

The primary reasons for the changes in the revenues and expenditures between the original and final budgets and the actual amounts are the spending down of carryover funds, and the recognition of new revenues and associated expenses as they were received throughout the year.

The District projected a decrease in the general fund of $731,602 and the actual net change in fund balance is an increase of $707,647. Revenues were $641,890 more than projected and expenditures were $942,703 less than projected. A large part of this difference is adjusting for STRS on-behalf pass-through based on updated information (revenues) and a slowdown in spending due to closed schools and a hiring freeze (expenditures).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $102,452,261 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $22,482,114, or 28 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 31,076,478	$ 7,349,894
Buildings and improvements	70,777,387	72,118,533
Equipment	598,396	501,720
Total	$ 102,452,261	$ 79,970,147

This year's additions were primarily the new high school building construction funded by voter approved bonds. We present more detailed information regarding our capital assets in Note 5 of the financial statements

Long-Term Liabilities

At the end of this year, the District had $199,395,708 in long-term liabilities outstanding versus $170,789,203 last year, an increase of 17 percent. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 141,850,025	$ 115,426,483
Unamortized premiums/(discounts)	7,797,587	6,385,021
Capital leases	28,620	-
Compensated absences	129,357	126,259
Total OPEB liability	7,823,149	6,867,175
Aggregate net pension liability	41,766,970	41,984,265
Total	$ 199,395,708	$ 170,789,203

The District's general obligation bond ratings are "Aa2" by Moody's and "AA+" by S&P. The State limits the amount of general obligation debt that districts can issue to three percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $141 million is below this $147 million statutorily-imposed limit.

At year-end, the District has a net pension liability of $41,766,970 versus $41,984,265 last year, a decrease of $217,295, or 0.5 percent.

Other liabilities include compensated absences payable, net other postemployment benefits (OPEB) liability (not including health benefits) and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:

The 2019-20 fiscal year was dramatically affected by the onset of the Coronavirus COVID-19 pandemic and the shift to distance learning. Despite being forced to work from home due to the State of California's Stay at Home order from March 19, 2020, through the end of the fiscal year, the District was able to maintain all business operations and most of other functions of the District, including:

- Initiated a distance learning program for all grade levels to ensure that students would continue to learn from home.
- Distributed over 2,000 chromebooks and devices to students and staff.
- Held graduation ceremonies for graduation seniors, maintaining social distancing and other safety measures.
- Met payroll deadlines and continued to pay all employees by developing digital protocols and limited office access.
- Continued to pay invoices and expenses by developing digital protocols and limited office access.
- Continued the bond construction program already underway and adjusted the construction site to comply with strict county guidelines for safety and COVID-prevention. The STEAM building was completed in November 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's governing board adopted the budget for 2020-21 on June 30, 2020. At that time, the State of California was projecting a severe economic downturn. State funding for schools was anticipated to be cut significantly. By the time the final State budget was adopted, the State was able to marshall it's resources, including federal funds intended for COVID-relief, and prevent the funding cuts that had been anticipated. Since then, the State's economy has shown resilience and the State expects to provide a cost of living increase in 2021-22 that it was not able to provide in 2020-21.

The following broad assumptions were used in the original budget, along with adjustments as new information is available:

- **Enrollment** - the district projected declining enrollment for estimating funding through the Local Control Funding Formula (LCFF). Staffing was also adjusted to the lower enrollment projections.
- **State revenues** - the district originally expected a -7.92 % decrease in State revenues, but the final State budget, adopted after the District adopted its budget, kept funding flat, allowing the District to restore budgeted reductions.
- **The final State budget** included an additional $1 million for COVID-related expenses from a combination of State and federal funding sources. Based on this new and one-time revenue, expenditures have been added to the budget during the 2020-21 fiscal year.
- **Local revenues** - the new parcel tax, Measure H, in addition to the renewed existing parcel tax, Measure G, were included in local revenues. Measure H funds are spent in consultation with our bargaining units. In addition, the Piedmont Education Foundation provided $300,000 for COVID-related expenses, in addition to their $3 million annual donation.

- **Expenditures** - staffing was adjusted to the reduced enrollment. As mentioned above, COVID-related expenses have been incorporated into the budget subsequent to initial adoption based on the availability of the additional State funds
- Materials have been included with each Board agenda item on the budget, including assumptions and other information. Please refer to the board agenda website: https://agendaonline.net/public/Agency.aspx?PublicAgencyID=1241&AgencyTypeID=1
- Budget information for 2020-21 was provided at the following meetings:
  - May 27, 2020
  - June 10, 2020
  - June 24, 2020
  - June 30, 2020
  - August 12, 2020
  - October 14, 2020
  - December 14, 2020

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 Randall Booker, the Superintendent at Piedmont Unified School District, Piedmont, California, 94611, or e-mail at rbooker@piedmont.k12.ca.us.

	Governmental Activities
Assets	
Deposits and investments	$ 71,404,755
Receivables	2,794,781
Prepaid items	323,865
Capital assets not depreciated	31,076,478
Capital assets, net of accumulated depreciation	71,375,783
Total assets	176,975,662
Deferred Outflows of Resources	
Deferred charge on refunding	579,486
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	1,071,809
Deferred outflows of resources related to pensions	11,211,110
Total deferred outflows of resources	12,862,405
Liabilities	
Accounts payable	8,341,718
Interest payable	1,814,339
Unearned revenue	27,372
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,097,783
Long-term liabilities other than OPEB and pensions due in more than one year	144,707,806
Total other postemployment benefits liabilities	7,823,149
Aggregage net pension liabilities	41,766,970
Total liabilities	209,579,137

	Governmental Activities
Deferred Inflows of Resources	
Deferred charge on refunding	390,000
Deferred inflows of resources related to OPEB	152,287
Deferred inflows of resources related to pensions	3,168,001
Total deferred inflows of resources	3,710,288
Net Position	
Net investment in capital assets	2,247,955
Restricted for	
Debt service	10,022,560
Capital projects	3,652
Educational programs	333,514
Other restrictions	18,828
Unrestricted	(36,077,867)
Total net position (deficit)	$ (23,451,358)

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities			
Instruction	$ 30,956,733	$ 5,522,624	$ (25,434,109)
Instruction-related activities			
Supervision of instruction	1,242,910	174,956	(1,067,954)
Instructional library, media, and technology	799,081	126,342	(672,739)
School site administration	3,870,861	681,449	(3,189,412)
Pupil services			
Home-to-school transportation	352,294	164,000	(188,294)
Food services	694,439	15,908	(678,531)
All other pupil services	2,479,996	343,387	(2,136,609)
Administration			
Data processing	1,122,912	57,384	(1,065,528)
All other administration	2,509,457	147,111	(2,362,346)
Plant services	4,542,171	160,697	(4,381,474)
Ancillary services	659,707	29,739	(629,968)
Enterprise services	2,810	-	(2,810)
Interest on long-term liabilities	4,408,373	-	(4,408,373)
Other outgo	-	556,047	556,047
Total governmental activities	53,641,744	7,979,644	(45,662,100)
General Revenues and Subventions			
Property taxes, levied for general purposes			13,099,041
Property taxes, levied for debt service			8,231,451
Taxes levied for other specific purposes			10,617,162
Federal and State aid not restricted to specific purposes			9,979,370
Interest and investment earnings			77,582
Miscellaneous			4,882,073
Subtotal, general revenues			46,886,679
Change in Net Position			1,224,579
Net Position - Beginning (deficit), as restated			(24,675,937)
Net Position - Ending (deficit)			$ (23,451,358)

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 2,591,869	$ 28,941,598	$ 39,680,315	$ 190,973	$ 71,404,755
Receivables	2,577,404	123,002	50,094	44,281	2,794,781
Due from other funds	166,741	-	-	1,109,709	1,276,450
Prepaid expenditures	323,865	-	-	-	323,865
Total assets	$ 5,659,879	$ 29,064,600	$ 39,730,409	$ 1,344,963	$ 75,799,851
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,596,298	$ 6,712,167	$ -	$ 33,253	$ 8,341,718
Due to other funds	1,064,709	98,613	-	113,128	1,276,450
Unearned revenue	27,372	-	-	-	27,372
Total liabilities	2,688,379	6,810,780	-	146,381	9,645,540
Fund Balances					
Nonspendable	348,865	-	-	-	348,865
Restricted	333,514	22,253,820	39,730,409	18,828	62,336,571
Assigned	293,434	-	-	1,179,754	1,473,188
Unassigned	1,995,687	-	-	-	1,995,687
Total fund balances	2,971,500	22,253,820	39,730,409	1,198,582	66,154,311
Total liabilities and fund balances	$ 5,659,879	$ 29,064,600	$ 39,730,409	$ 1,344,963	$ 75,799,851

Total Fund Balance - Governmental Funds		$ 66,154,311
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 132,101,779	
Accumulated depreciation is	(29,649,518)	
Net capital assets		102,452,261
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,814,339)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings	579,486	
Other postemployment benefits	1,071,809	
Net pension obligation	11,211,110	
Total deferred outflows of resources		12,862,405
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Debt refundings	(390,000)	
Net pension obligation	(3,168,001)	
Total deferred inflows of resources		(3,710,288)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,766,970)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(7,823,149)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (141,850,025)	
Capital leases payable	(28,620)	
Compensated absences (vacations)	(129,357)	
Bond premium net of amortization	(7,797,587)	
Total long-term liabilities		(149,805,589)
Total net position - governmental activities		$ (23,451,358)

	General Fund	Building Fund	Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 22,316,419	$ -	$ -	$ -	$ 22,316,419
Federal sources	643,538	-	494,176	3,511	1,141,225
Other State sources	3,870,593	-	35,430	-	3,906,023
Other local sources	16,769,043	674,236	9,205,523	698,576	27,347,378
Total revenues	43,599,593	674,236	9,735,129	702,087	54,711,045
Expenditures					
Current					
Instruction	27,832,248	-	-	-	27,832,248
Instruction-related activities					
Supervision of instruction	1,140,392	-	-	-	1,140,392
Instructional library, media, and technology	680,219	-	-	-	680,219
School site administration	3,451,450	-	-	-	3,451,450
Pupil services					
Home-to-school transportation	178,903	-	-	-	178,903
Food services	4,585	-	-	645,810	650,395
All other pupil services	2,356,308	-	-	-	2,356,308
Administration					
Data processing	1,035,787	-	-	-	1,035,787
All other administration	2,267,070	-	-	35,000	2,302,070
Plant services	3,300,066	670,652	-	-	3,970,718
Ancillary services	613,343	-	-	-	613,343
Enterprise services	2,796	-	-	-	2,796
Facility acquisition and construction	513,794	24,338,789	-	-	24,852,583
Debt service					
Principal	7,484	-	4,775,000	-	4,782,484
Interest and other	674	187,765	3,317,343	-	3,505,782
Total expenditures	43,385,119	25,197,206	8,092,343	680,810	77,355,478
Excess (Deficiency) of Revenues Over Expenditures	214,474	(24,522,970)	1,642,786	21,277	(22,644,433)
Other Financing Sources (Uses)					
Proceeds from capital leases	36,104	-	-	-	36,104
Proceeds from bond sales	-	30,000,000	-	-	30,000,000
Bond premiums	-	-	2,113,052	-	2,113,052
Net Financing Sources (Uses)	36,104	30,000,000	2,113,052	-	32,149,156
Net Change in Fund Balances	250,578	5,477,030	3,755,838	21,277	9,504,723
Fund Balance - Beginning, as restated	2,720,922	16,776,790	35,974,571	1,177,305	56,649,588
Fund Balance - Ending	$ 2,971,500	$ 22,253,820	$ 39,730,409	$ 1,198,582	$ 66,154,311

Total Net Change in Fund Balances - Governmental Funds		$ 9,504,723
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (2,097,713)	
Capital outlays	24,579,827	
Net expense adjustment		22,482,114
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(1,198,542)
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(36,104)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(3,098)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(2,266,796)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(223,101)
Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	$ (30,000,000)
Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	(67,556)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(2,113,052)
Premium amortization	700,486
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	4,775,000
Capital leases	7,484
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(336,979)
Change in net position of governmental activities	$ 1,224,579

	Agency Funds
Assets	
Deposits and investments	$ 593,396
Total assets	$ 593,396
Liabilities	
Due to student groups	$ 593,396
Total liabilities	$ 593,396

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Piedmont Unified School District (the District) was organized/unified on July 1, 1936 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates three elementary, one middle, one high school, one alternative high school and one adult school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Under the flexibility provisions of current status that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects do not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources.

As a result, the General Fund reflects an increase in fund balance of $238,195.

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

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

Non-Major Governmental Funds

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

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition ks55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

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.

Prepaid Expenditures (Expenses)

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 for equipment and $15,000 for site improvements and building. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $10,378,554 of restricted net position.

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

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

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

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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

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

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Government-wide activities	$ 71,404,755
Fiduciary funds	593,396
Total deposits and investments	$ 71,998,151

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

Cash on hand and in banks	$ 753,344
Cash in revolving	25,000
Investments	71,219,807
Total deposits and investments	$ 71,998,151

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity Days
US Treasury Notes	$ 27,893,511	1-5 years
County Pool	43,326,296	674 days
Total	$ 71,219,807	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy for credit risk. The District's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2020. Below is the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End	
			Aaa	Unrated
US Treasury Notes	$ 27,893,511	N/A	$ 27,893,511	$ -
County Pool	43,326,296	N/A	-	43,326,296
Total	$ 71,219,807		$ 27,893,511	$ 43,326,296

N/A - Not applicable

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. The District's investment in US Treasury notes represents five percent or more of the total investments that are required to be disclosed at June 30, 2020.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $462,000 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment of $27,893,511 in cash with fiscal agent has a custodial credit risk exposure. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the Alameda County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share. The County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

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

		Fair Value Measurements Using			
Investment Type	Reported Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
US Treasury Notes	$ 27,893,511	$ -	$ 27,893,511	$ -	$ -
County Pool	43,326,296	-	-	-	43,326,296
Total	$ 71,219,807	$ -	$ 27,893,511	$ -	$ 43,326,296

Note 4 - Receivables

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

	General Fund	Building Fund	and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 568,963	$ -	$ -	$ -	$ 568,963
State Government					
LCFF apportionment	319,432	-	-	-	319,432
Categorical aid	376,578	-	-	-	376,578
Lottery	126,673	-	-	-	126,673
Local Government					
Interest	10,206	123,002	50,094	1,517	184,819
Other local sources	1,175,552	-	-	42,764	1,218,316
Total	$ 2,577,404	$ 123,002	$ 50,094	$ 44,281	$ 2,794,781

Note 5 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 335,023	$ -	$ -	$ 335,023
Construction in progress	7,014,871	23,953,205	(226,621)	30,741,455
Total capital assets not being depreciated	7,349,894	23,953,205	(226,621)	31,076,478
Capital assets being depreciated				
Land improvements	5,371,680	-	-	5,371,680
Buildings and improvements	93,963,057	688,563	-	94,651,620
Furniture and equipment	837,321	164,680	-	1,002,001
Total capital assets being depreciated	100,172,058	853,243	-	101,025,301
Total capital assets	107,521,952	24,806,448	(226,621)	132,101,779
Accumulated depreciation				
Land improvements	(2,505,028)	(105,630)	-	(2,610,658)
Buildings and improvements	(24,711,176)	(1,924,079)	-	(26,635,255)
Furniture and equipment	(335,601)	(68,004)	-	(403,605)
Total accumulated depreciation	(27,551,805)	(2,097,713)	-	(29,649,518)
Governmental activities capital assets, net	$ 79,970,147	$ 22,708,735	$ (226,621)	$ 102,452,261

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

Governmental Activities	
Instruction	$ 1,302,295
Supervision of instruction	54,108
Instructional library, media, and technology	32,274
School site administration	182,020
Home-to-school transportation	8,488
Food services	30,859
All other pupil services	111,799
Ancilliary services	29,101
Data processing	49,145
All other administration	109,226
Plant services	188,398
Total depreciation expenses governmental activities	$ 2,097,713

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,064,709	$ 1,064,709
Building Fund	53,613	45,000	98,613
Non-Major Governmental Funds	113,128	-	113,128
Total	$ 166,741	$ 1,109,709	$ 1,276,450

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

Interfund Loans

In December 2019, the District Board approved an interfund loan agreement between Cafeteria Fund and Deferred Maintenance (blended with General Fund). Under the agreement, the Cafeteria Fund loaned to the Deferred Maintenance Fund the amount of $280,000 to support the installation of ventilation equipment at Havens Elementary School. The Deferred Maintenance Fund will pay back the loan over a ten-year period with a two percent interest rate. The total annual payment of $31,150 will be paid through December 1, 2029.

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 980,860	$ 6,712,167	$ 33,253	$ 7,726,280
State LCFF apportionment	553,390	-	-	553,390
Salaries and benefits	62,048	-	-	62,048
Total	$ 1,596,298	$ 6,712,167	$ 33,253	$ 8,341,718

Note 8 - Unearned Revenue

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

	General Fund
Federal financial assistance	$ 25,247
State categorical aid	2,125
Total	$ 27,372

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

Summary

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

	Balance July 1, 2019	Additions/ Accretions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$115,426,483	$31,198,542	$ (4,775,000)	$141,850,025	$ 4,705,000
Unamortized debt premiums	6,385,021	2,113,052	(700,486)	7,797,587	386,188
Capital leases	-	36,104	(7,484)	28,620	6,595
Compensated absences	126,259	3,098	-	129,357	-
Total	$121,937,763	$33,350,796	$ (5,482,970)	$149,805,589	$ 5,097,783

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Capital leases are paid by the Deferred Maintenance Fund. Compensated absences are paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
4/20/2011	5/1/2026	5.75%	$ 10,000,000	$ 10,000,000	$ -	$ -	$ -	$ 10,000,000
8/23/2013	8/1/2043	5.3-6.3%	11,998,678	17,596,483		1,198,542		18,795,025
11/13/2014	8/1/2020	2.0-5.0%	9,965,000	4,525,000			(2,155,000)	2,370,000
3/10/2015	8/1/2031	2.0-5.0%	16,075,000	15,980,000			(520,000)	15,460,000
4/12/2017	8/1/2046	5.00%	26,000,000	23,550,000			(2,100,000)	21,450,000
4/12/2017	8/1/2034	3.125-5.0%	16,775,000	16,775,000	-	-	-	16,775,000
12/21/2017	8/1/2041	3.0-4.0%	27,000,000	27,000,000	-	-	-	27,000,000
8/27/2019	8/1/2049	3.0-5.0%	30,000,000	-	30,000,000	-	-	30,000,000
				$ 115,426,483	$ 30,000,000	$ 1,198,542	$ (4,775,000)	$ 141,850,025

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2049 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 4,705,000	$ 4,608,464	$ 9,313,464
2022	2,495,000	4,455,139	6,950,139
2023	1,105,000	4,365,139	5,470,139
2024	1,115,000	4,309,637	5,424,637
2025	1,310,000	4,254,162	5,564,162
2026-2030	26,105,721	18,702,541	44,808,262
2031-2035	33,061,410	29,261,204	62,322,614
2036-2040	28,986,547	42,515,710	71,502,257
2041-2045	20,275,000	4,106,423	24,381,423
2046-2049	15,895,000	1,193,000	17,088,000
Total	135,053,678	$ 117,771,419	$ 252,825,097
Accretion to date	6,796,347		
	$ 141,850,025		

Refunding Bonds

On December 21, 2017, the District issued General Obligation Crossover Refunding Bonds (2017B Refunding Bonds) in the amount of $27,000,000 to refund the outstanding maturities of the Election 2006, Series E Bonds (2006E Bonds). The 2006E Bonds issued in 2013 will be called on August 1, 2023, the “Crossover Date”. The proceeds from the 2017B Refunding Bonds were placed in an escrow account held by U.S. Bank and are sufficient to pay off the 2006E Bonds on the Crossover Date, including accreted interest to that date. The funds placed in the escrow account are also sufficient to pay debt service due on the 2017B Refunding Bonds up to and including the Crossover Date. Only interest is due on the 2017B Refunding Bonds through the Crossover Date. After the Crossover Date, the debt service on the 2017B Refunding Bonds will be paid through tax collections. The economic gain on the crossover refunding was $10,847,027. The balance of the escrow account at June 30, 2020 was $27,893,511.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $129,357.

Capital Leases

The District has entered into agreements to lease a Ford F-250 super duty truck. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District’s liability on lease agreements with options to purchase is summarized below:

	Ford F-250 Super Duty Truck
Balance, July 1, 2019	$ -
Additions	36,104
Payments	(7,484)
Balance, July 1, 2020	$ 28,620

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 8,158
2022	8,158
2023	8,158
2024	8,158
Total	32,632
Less amount representing interest	(4,012)
Present value of minimum lease payments	$ 28,620

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

Vehicle	$ 36,104
Less accumulated depreciation	(903)
Total	$ 35,201

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

Note 10 - Total Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 7,823,149	$ 1,071,809	$ 152,287	$ 539,118

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	148
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	288
Total	436

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses for a duration of 5 years but not beyond Medicare age. Minimum age for eligible retirees is 55 with required services of 10 years for certificated and management and 15 years for classified employees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by negotiated agreement between the District, the Association of Piedmont Teachers (APT), the local California Service Employees Association (CSEA), the Association of Piedmont School Administrators (APSA), and unrepresented individuals. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, APT, CSEA, APSA, and the unrepresented individuals. For measurement period of June 30, 2019, the District paid $379,014 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $7,823,149 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

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

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent
Investment rate of return	3.50	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00	percent for 2019

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	$ 6,867,175
Service cost	238,650
Interest	257,122
Differences between expected and actual experience	647,449
Changes of assumptions or other inputs	191,767
Benefit payments	(379,014)
Net change in total OPEB liability	955,974
Balance, June 30, 2020	$ 7,823,149

Changes of assumptions and other inputs reflect a change in the discount rate from 3.8 percent in 2019 to 3.5 percent in 2020.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.5%)	$ 8,528,003
Current discount rate (3.5%)	7,823,149
1% increase (4.5%)	7,214,582

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3%)	$ 7,596,552
Current healthcare cost trend rate (4%)	7,823,149
1% increase (5%)	8,062,093

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

For the year ended June 30,2020, the District recognized OPEB expense of $560,597. At June 30, 2020, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 337,496	$ -
Differences between expected and actual experience	566,517	-
Changes of assumptions	167,796	152,287
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ 1,071,809	$ 152,287

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 84,864
2022	84,864
2023	84,864
2024	84,864
2025	32,772
Thereafter	209,798
Total	$ 582,026

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 25,000	$ -	$ -	$ -	$ 25,000
Prepaid expenditures	323,865	-	-	-	323,865
Total nonspendable	348,865	-	-	-	348,865
Restricted					
Legally restricted programs	333,514	-	-	-	333,514
Food service	-	-	-	18,828	18,828
Capital projects	-	22,253,820	-	-	22,253,820
Debt services	-	-	39,730,409	-	39,730,409
Total restricted	333,514	22,253,820	39,730,409	18,828	62,336,571
Assigned					
Other	293,434	-	-	1,179,754	1,473,188
Total assigned	293,434	-	-	1,179,754	1,473,188
Unassigned					
Reserve for economic uncertainties	1,271,080	-	-	-	1,271,080
Remaining unassigned	724,607	-	-	-	724,607
Total unassigned	1,995,687	-	-	-	1,995,687
Total	$ 2,971,500	$ 22,253,820	$ 39,730,409	$ 1,198,582	$ 66,154,311

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with Alameda County Schools Insurance Group (ACSIG) JPA for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

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

Coverage provided by ACSIG, NorCal Relief and Schools Association for Excess Risk (SAFER) for property and liability and workers' compensation is as follows:

Insurance Program/Company Name	Type of Coverage	Limits
Alameda County Schools Insurance Group	Workers' Compensation	$155 million
NorCal Relief (NCR)	Property	$25,000-$250,000
NorCal Relief (NCR)	Liability	$25,000-$1 million
Schools Association for Excess Risk (SAFER)	Excess Property	$250,000-$250 million
Schools Association for Excess Risk (SAFER)	Excess Liability	$1 million-$50 million

Employee Medical Benefits

The District offers health insurance to its employees through Kaiser. The premium and plan structure are negotiated annually. The District contributes a fixed amount per employee toward the premium, depending on the type of plan – single person, two-person, or family – and the employee is responsible for the remainder of the premium.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 30,180,577	$ 8,718,177	$ 2,427,856	$ 4,063,778
CalPERS	11,586,393	2,492,933	740,145	1,718,234
Total	$ 41,766,970	$ 11,211,110	$ 3,168,001	$ 5,782,012

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $3,153,124.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 30,180,577
State's proportionate share of the net pension liability	16,465,520
Total	$ 46,646,097

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0334 percent and 0.0333 percent, resulting in a net increase in the proportionate share of 0.0001 percent.

For the year ended June 30, 2020, the District recognized pension expense of $4,063,778. In addition, the District recognized pension expense and revenue of $2,452,071 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,153,124	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,671,680	414,837
Differences between projected and actual earnings on pension plan investments	-	1,162,566
Differences between expected and actual experience in the measurement of the total pension liability	76,190	850,453
Changes of assumptions	3,817,183	-
Total	$ 8,718,177	$ 2,427,856

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (117,266)
2022	(922,940)
2023	(191,616)
2024	69,256
Total	$ (1,162,566)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,205,417
2022	1,178,452
2023	1,295,374
2024	831,957
2025	(141,382)
Thereafter	(70,055)
Total	$ 4,299,763

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 44,941,378
Current discount rate (7.10%)	30,180,577
1% increase (8.10%)	17,941,063

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $1,099,747.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $11,586,393. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0398 percent and 0.0426 percent, resulting in a net decrease in the proportionate share of 0.0028 percent.

For the year ended June 30, 2020, the District recognized pension expense of $1,718,234. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,099,747	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	632,678
Differences between projected and actual earnings on pension plan investments	-	107,467
Differences between expected and actual experience in the measurement of the total pension liability	841,638	-
Changes of assumptions	551,548	-
Total	$ 2,492,933	$ 740,145

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 106,080
2022	(211,893)
2023	(32,110)
2024	30,456
Total	$ (107,467)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 618,685
2022	173,937
2023	(29,194)
2024	(2,920)
Total	$ 760,508

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 16,701,024
Current discount rate (7.15%)	11,586,393
1% increase (8.15%)	7,343,454

Tax Deferred Annuity/Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,719,887 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions have been recorded in these financial statements. On behalf payments related to these additional contributions have been included from the calculation of available reserves and have been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Operating Leases

The District leases certain office equipment under non-cancelable operating leases. Future minimum lease payments at June 30, 2020 are as follows:

Year Ending June 30	Lease Payment
2021	$ 95,280
2022	36,480
2023	7,080
Total	$ 138,840

Rental expenditures under operating lease were $139,332 for the year ended June 30, 2020.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Quad Design	$ 14,667	January-21
STEAM Building	7,580,125	November-20
Theater Building	21,452,723	November-21
Total	$ 29,047,515	

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

The District is a member of the Alameda County Schools Insurance Group (ACSIG), public entity risk pool. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for workers compensation and property liability coverages are paid to ACSIG. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

The District participates as a board member on the governing board of ACSIG.

During the year ended June 30, 2020, the District made payments of $879,076 to ACSIG for workers' compensation, property, and liability insurance coverage.

Note 16 - Restatement

In 2020, management determined that some receivables for the General Fund and Cafeteria Fund that were carried over in error from the prior years were uncollectable. As a result, beginning fund balance for the General Fund was decreased by $438,764 and the Cafeteria Fund was decreased by $87,031.

In addition, there was an error in recording the cash with fiscal agent related to the cross-over bonds in that the cash with fiscal agent should also have been recorded in the Fund financial statements in addition to the prior year's reporting only in the entity-wide financial statements. The error resulted in the restatement of beginning fund balance for the Bond Interest and Redemption Fund.

The following table summarized the restatements to the beginning fund balances and net position as of July 1, 2019.

Government-Wide Financial Statements	
Net Position - Beginning	$ (24,150,142)
Prior year receivables written off	(525,795)
Net Position - Beginning as Restated	$ (24,675,937)
General Fund	
Fund Balance - Beginning	$ 3,159,686
Prior year receivables written off	(438,764)
Fund Balance - Beginning as Restated	$ 2,720,922
Bond Interst and Redemption Fund	
Fund Balance - Beginning	$ 8,920,098
Cash with fiscal agent related to cross-over bonds	27,054,473
Fund Balance - Beginning as Restated	$ 35,974,571
Aggregate Remaining Funds (Cafeteria Fund)	
Fund Balance - Beginning	$ 815,994
Prior year receivables written off	(87,031)
Fund Balance - Beginning as Restated	$ 728,963

Note 17 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Piedmont Unified School District

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	$ 22,165,250	$ 22,280,122	$ 22,316,419	$ 36,297
Federal sources	666,047	673,064	643,538	(29,526)
Other State sources	2,570,646	2,764,261	3,470,053	705,792
Other local sources	16,039,200	16,583,897	16,513,224	(70,673)
Total revenues [1]	41,441,143	42,301,344	42,943,234	641,890
Expenditures				
Current				
Certificated salaries	17,886,459	18,456,064	18,457,703	(1,639)
Classified salaries	5,891,345	5,911,299	5,853,458	57,841
Employee benefits	11,724,813	11,579,385	12,141,538	(562,153)
Books and supplies	1,101,793	1,633,332	1,119,372	513,960
Services and operating expenditures	4,648,195	5,425,925	4,598,113	827,812
Other outgo	(155,000)	(5,000)	(155,000)	150,000
Capital outlay	-	168,045	211,136	(43,091)
Total expenditures [1]	41,097,605	43,169,050	42,226,320	942,730
Excess (Deficiency) of Revenues Over Expenditures	343,538	(867,706)	716,914	1,584,620
Other Financing Sources (Uses)				
Transfers in	-	100,000	104,629	4,629
Other sources	-	36,104	36,104	-
Transfers out	(50,000)	-	(150,000)	(150,000)
Net financing sources (uses)	(50,000)	136,104	(9,267)	(145,371)
Net Change in Fund Balances	293,538	(731,602)	707,647	1,439,249
Fund Balance - Beginning, as restated	2,025,659	2,025,659	2,025,659	-
Fund Balance - Ending	$ 2,319,197	$ 1,294,057	$ 2,733,306	$ 1,439,249

[1] Due to the consolidation of Fund 11, Adult Education Fund/Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are not included in the Actual (GAAP Basis) revenues and expenditures, and are not included in the original and final General Fund budgets. On behalf payments of $1,719,887 are included in the actual revenues, expenditures, and budgeted amounts. In addition, on behalf payments of $576,908 relating to Senate Bill 90 are included in the actual revenues, expenditures, and the budgeted amounts.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 238,650	$ 243,037	$ 236,532
Interest	257,122	261,793	238,886
Changes of benefit terms	-	-	-
Difference between expected and actual experience	647,449	-	-
Changes of assumptions	191,767	(192,365)	-
Benefit payments	(379,014)	(426,142)	(409,752)
Net change in total OPEB liability	955,974	(113,677)	65,666
Total OPEB Liability - Beginning	6,867,175	6,980,852	6,915,186
Total OPEB Liability - Ending	$ 7,823,149	$ 6,867,175	$ 6,980,852
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0334%	0.0333%	0.0339%	0.0343%	0.0372%	0.0346%
Proportionate share of the net pension liability	$ 30,180,577	$ 30,628,046	$ 31,365,687	$ 27,718,731	$ 25,023,490	$ 20,224,335
State's proportionate share of the net pension liability	16,465,520	17,535,989	18,555,675	15,779,779	13,234,668	12,212,327
Total	$ 46,646,097	$ 48,164,035	$ 49,921,362	$ 43,498,510	$ 38,258,158	$ 32,436,662
Covered payroll	$ 18,277,807	$ 17,817,221	$ 17,682,472	$ 17,019,823	$ 15,329,223	15,958,129
Proportionate share of the net pension liability as a percentage of its covered payroll	165.12%	171.90%	177.38%	162.86%	163.24%	126.73%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.0398%	0.0426%	0.0431%	0.0440%	0.0455%	0.0436%
Proportionate share of the net pension liability	$ 11,586,393	$ 11,356,219	$ 10,298,363	$ 8,682,037	$ 6,705,041	$ 4,955,168
Covered payroll	$ 5,224,842	$ 5,604,468	$ 5,408,432	$ 5,255,541	$ 4,936,259	$ 5,800,301
Proportionate share of the net pension liability as a percentage of its covered payroll	221.76%	202.63%	190.41%	165.20%	135.83%	85.43%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 3,153,124	$ 2,975,627	$ 2,571,025	$ 2,224,455	$ 1,826,227	$ 1,361,235
Less contributions in relation to the contractually required contribution	3,153,124	2,975,627	2,571,025	2,224,455	1,826,227	1,361,235
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 18,439,322	$ 18,277,807	$ 17,817,221	$ 17,682,472	$ 17,019,823	$ 15,329,223
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 1,099,747	$ 943,711	$ 870,430	$ 751,123	$ 622,624	$ 581,047
Less contributions in relation to the contractually required contribution	1,099,747	943,711	870,430	751,123	622,624	581,047
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,576,528	$ 5,224,842	$ 5,604,468	$ 5,408,432	$ 5,255,541	$ 4,936,259
Contributions as a percentage of covered payroll	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 3.8 to 3.5 percent from the last valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Piedmont Unified School District

ORGANIZATION

The Piedmont Unified School District was established July 1, 1936 and consists of an area comprising approximately 1.7 square miles. The District operates three elementary schools, one middle schools, one high school, one alternative high school, and an adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Cory Smegal	President	2024
Megan Pillsbury	Vice President	2022
Veronica Anderson Thigpen	Member	2024
Hilary Cooper	Member	2024
Amal Smith	Member	2022

ADMINISTRATION

NAME	TITLE
Randall Booker	Superintendent
Ruth Alahydoian	Chief Financial Officer
Cheryl Wozniak	Assistant Superintendent, Education Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	655.78	655.78
Fourth through sixth	518.62	518.62
Seventh and eighth	434.39	434.39
Ninth through twelfth	872.47	872.47
Total Regular ADA	2,481.26	2,481.26
Extended Year Special Education		
Transitional kindergarten through third	2.58	2.58
Fourth through sixth	1.23	1.23
Seventh and eighth	0.55	0.55
Ninth through twelfth	0.75	0.75
Total Extended Year Special Education	5.11	5.11
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	1.81	1.81
Seventh and eighth	0.24	0.24
Ninth through twelfth	6.00	6.00
Total Special Education, Nonpublic, Nonsectarian Schools	8.05	8.05
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	0.09	0.09
Seventh and eighth	-	-
Ninth through twelfth	1.16	1.16
Total Extended Year Special Education, Nonpublic, Nonsectarian Sch	1.25	1.25
Total ADA	2,495.67	2,495.67

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	46,350	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,500	180	N/A	Complied
Grade 2		52,500	180	N/A	Complied
Grade 3		52,500	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,390	180	N/A	Complied
Grade 5		54,390	180	N/A	Complied
Grade 6		58,573	180	N/A	Complied
Grade 7		58,573	180	N/A	Complied
Grade 8		58,573	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,920	180	N/A	Complied
Grade 10		64,920	180	N/A	Complied
Grade 11		64,920	180	N/A	Complied
Grade 12		64,920	180	N/A	Complied

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

	Cafeteria Fund
Fund Balance	
Balance, June 30, 2020, Unaudited Actuals	$ 716,217
increase in	
Cash in bank	25,463
Balance, June 30, 2020, Audited Financial Statements	$ 741,680

	(Budget) 2021 [1]	(Restated) 2020	(Restated) 2019	2018
General Fund [3]				
Revenues	$ 42,954,585	$ 42,943,234	$ 42,695,786	$ 39,755,669
Other sources	-	140,733	197,187	-
Total Revenues and Other Sources	42,954,585	43,083,967	42,892,973	39,755,669
Expenditures	41,711,819	42,226,320	42,844,955	40,216,940
Other uses and transfers out	50,000	150,000	61,195	35,000
Total Expenditures and Other Uses	41,761,819	42,376,320	42,906,150	40,251,940
Increase/(Decrease) in Fund Balance	1,192,766	707,647	(13,177)	(496,271)
Ending Fund Balance	$ 3,926,072	$ 2,733,306	$ 2,025,659	$ 2,038,836
Available Reserves [2]	$ 3,774,571	$ 1,995,687	$ 1,402,600	$ 2,055,061
Available Reserves as a Percentage of Total Outgo	9.04%	4.71%	3.21%	5.02%
Long-Term Liabilities	N/A	$ 199,395,708	$ 170,789,203	$ 175,943,183
K-12 Average Daily Attendance at P-2	2,468	2,496	2,529	2,552

The General Fund balance has increased by $694,470 over the past two years. The fiscal year 2019-2020 budget projects a further increase of $1,192,766 (44 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have increased by $23,452,525 over the past two years.

Average daily attendance has decreased by 56 over the past two years. Additional decline of 27 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.
[3] General Fund amounts do not include activity related to the consolidation of the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Other Than Capital Outlay Projects Fund as required by GASB Statement No. 54.

	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Assets				
Deposits and investments	$ 187,336	$ 3,637	$ -	$ 190,973
Receivables	43,452	15	814	44,281
Due from other funds	511,100	-	598,609	1,109,709
Total assets	$ 741,888	$ 3,652	$ 599,423	$ 1,344,963
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 208	$ -	$ 33,045	$ 33,253
Due to other funds	-	-	113,128	113,128
Total liabilities	208	-	146,173	146,381
Fund Balances				
Restricted	18,828	-	-	18,828
Assigned	722,852	3,652	-	726,504
Unassigned	-	-	453,250	453,250
Total fund balances	741,680	3,652	453,250	1,198,582
Total liabilities and fund balances	$ 741,888	$ 3,652	$ 599,423	$ 1,344,963

	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Revenues				
Federal sources	$ 3,511	$ -	$ -	$ 3,511
Other local sources	690,016	73	8,487	698,576
Total revenues	693,527	73	8,487	702,087
Expenditures				
Pupil services				
Food services	645,810	-	-	645,810
Administration				
All other administration	35,000	-	-	35,000
Total expenditures	680,810	-	-	680,810
Excess (Deficiency) of Revenues Over Expenditures	12,717	73	8,487	21,277
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Change in Fund Balances	12,717	73	8,487	21,277
Fund Balance - Beginning, as restated	728,963	3,579	444,763	1,177,305
Fund Balance - Ending	$ 741,680	$ 3,652	$ 453,250	$ 1,198,582

Note 1 - Purpose of Schedules

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 49 days due to the pandemic. As a result, the District received credit for these 49 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2020

Piedmont Unified School District

EideBailly®

eidebailly.com

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

To the Board of Directors
Piedmont Unified School District
Piedmont, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piedmont Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Piedmont Unified School District's basic financial statements and have issued our report thereon dated February 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Piedmont 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 Piedmont Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Piedmont 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Piedmont 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*.

Piedmont Unified School District’s Response to Finding
Piedmont Unified School District’s response to the finding identify in our audit is described in the accompanying schedule of financial statement findings. Piedmont Unified School District’s response was not subjected to the auditing procedures applied in the audit of the financial statemens and, accordingly, we express no opinion on it.

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

Eide Bailly LLP

San Ramon, California
February 5, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
Piedmont Unified School District
Piedmont, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

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

Independent Study
We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

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

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

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

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

Apprenticeship: Related and Supplemental Instruction
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

District of Choice
We did not perform District of Choice procedures because the program is not offered by the District.

After/Before School Education and Safety Program:
We did not perform procedures for the After/Before School Education and Safety Program because the District does not offer the program.

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

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

Unmodified Opinion

In our opinion, Piedmont Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Eide Bailly LLP

San Ramon, California
February 5, 2021

FINANCIAL STATEMENTS

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

FEDERAL AWARDS Not Applicable

STATE COMPLIANCE

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

The following finding represents material weaknesses related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 Restatement and Material Audit Adjustments (30000)

Criteria
A good system of internal accounting control contemplates proper adjustments of all general ledger accounts.

Condition
We identified material misstatements in the District's financial statements causing us to propose audit adjustment as noted on page 83 of this report and restatements to correct errors as noted on page 71 of this report.

Effect
Management has posted the correcting journal entries for each of the items noted.

Cause
The District's financial statement reconciliation controls failed to prevent, or detect on a timely basis, material errors in the financial statements.

Recommendation
We recommend that management perform reconciliation review of all general ledger accounts in a timely manner to ensure account balances are accurate.

Repeat Finding (Yes or No)
No

Corrective Action Plan
During the course of reconciling prior year accounts receivable, the District identified the unresolved Receivables and identified the need to write-off the identified amounts. The problem and proposed solution were discussed with the auditors prior to the audit. A reconciliation process is now in place to ensure that all prior year accruals are reviewed within the first six months of each fiscal year and any remaining accruals are resolved no later than closing of the that year.

The change in ending fund balance to include funds on hand in the bank is an oversight that should have been part of the closing process. The District has instituted a more complete closing check-off list to ensure that bank balances are included in the unaudited actuals.

None reported.

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