Annual Financial Report
June 30, 2019

Piedmont Unified School District

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PIEDMONT UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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 the Piedmont Unified School District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Piedmont Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 schedule, schedule of changes in the District's total OPEB liability and related ratios, schedule of District contributions for OPEB, schedule of the District's proportionate share of the net pension liability, and the schedule of District pension 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 the Piedmont Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 on our consideration of the Piedmont Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
December 16, 2019

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement Number 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 (including capital assets) and deferred outflows of the District 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 Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

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

Reconciliations 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 and deferred outflows and 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 and are reflected in the Statement of Activities.

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 include the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, parcel 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 various sources.

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Fiduciary Fund - Statement of 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 position was ($24,150,142) and ($27,187,268) for the fiscal years ended June 30, 2019 and 2018, respectively. Of this amount, ($31,699,109) 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 the net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	**2018**
Current and other assets	$ 59,690,306	$ 64,204,046
Capital assets	79,970,147	78,124,107
Total Assets	**139,660,453**	**142,328,153**
DEFERRED OUTFLOWS OF RESOURCES	**14,707,292**	**13,814,216**
Current liabilities	3,992,283	3,455,724
Long-term liabilities other than pension liability	128,804,938	134,279,133
Aggregate net pension liability	41,984,265	41,664,050
Total Liabilities	**174,781,486**	**179,398,907**
DEFERRED INFLOWS OF RESOURCES	**3,736,401**	**3,930,730**
Net position		
Net investment capital assets	(12,293)	(12,293)
Restricted	7,561,260	8,722,285
Unrestricted	(31,699,109)	(35,897,260)
Total Net Position	**$ (24,150,142)**	**$ (27,187,268)**

The ($31,699,109) 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 14**.** Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues and expenses for the year.

Table 2

	Governmental Activities	
Revenues	**2019**	**2018**
Program revenues		
Operating grants and contributions	$ 6,926,846	$ 5,449,959
General revenues:		
Federal and State aid	10,641,001	10,085,923
Property taxes (including parcel tax)	29,884,906	30,442,487
Other general revenues	5,844,382	4,264,948
Total Revenues	53,297,135	50,243,317
Expenses		
Instruction	29,011,460	28,840,818
Instruction related	5,679,763	5,435,860
Pupil services	3,541,973	3,048,226
General administration	3,467,494	3,485,232
Plant services	4,254,079	4,717,997
Other	4,305,240	5,166,528
Total Expenses	50,260,009	50,694,661
Change in Net Position	$ 3,037,126	$ (451,344)

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $50,260,009. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $29,884,906; part of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions $6,926,846. We paid for the remaining "public benefit" portion of our governmental activities with $16,485,383 in Federal and State aid and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: regular instruction, instruction related activities, pupil services, and other as well as each program's *net* cost (total cost less revenues generated by the activities). 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	
	2019	**2018**	**2019**	**2018**
Instruction	$ 29,011,460	$ 28,840,818	$ 24,730,234	$ 25,924,253
Instruction related activities	5,679,763	5,435,860	4,915,786	4,965,430
Pupil services	3,541,973	3,048,226	3,100,390	2,899,587
General administration	3,467,494	3,485,232	3,316,692	3,459,737
Plant services	4,254,079	4,717,997	4,056,372	4,566,646
Other	4,305,240	5,166,528	3,213,689	3,429,049
Totals	$ 50,260,009	$ 50,694,661	$ 43,333,163	$ 45,244,702

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $30,120,910 which is a decrease of $5,986,581 from last year.

The primary reasons for the change between 2018 and 2019 are facilities and bond program expenses as the H1 Bond program gets underway and bond proceeds are spent.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 26, 2019. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64.

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 revenues and associated expenses as they were received throughout the year.

The District projected a decrease in the general fund of $692,291 and the actual net change in fund balance is an increase of $167,838. Revenues and expenditures were $3,057,667 and $1,999,990 respectively, more than projected. A large part of this difference ($1,822,874) is the State's additional contribution to the pension funds (STRS and PERS) that the District was required to show as revenue and expenditure. Net of the recognition of the State's on-behalf payments into STRS and PERS, the overall increase in revenues from the original budget was 2%, and in expenditures was 1%. As part of the expenditures, the District transferred $30,000 to the Special Reserve Fund for Capital Outlay Projects.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $79,970,147 in a broad range of capital assets (net of depreciation), including land and improvements, buildings and improvements, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of $1,846,040 from last year due to an increase in acquisitions offset by current year depreciation.

Table 4

	Governmental Activities	
	2019	**2018**
Land and improvements	$ 3,201,675	$ 3,222,257
Buildings and improvements	69,251,881	71,710,506
Furniture and equipment	501,720	643,680
Construction in progress	7,014,871	2,547,664
Totals	$ 79,970,147	$ 78,124,107

Additional detail on capital assets can be found in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had $164,610,203 of long term debt outstanding versus $175,943,183 last year; a decrease of 6.4 percent. The long term obligations outstanding consisted of:

Table 5

	Governmental Activities	
	2019	**2018**
General obligation bonds	$ 115,426,483	$ 120,252,083
General obligation bond premiums	6,385,021	6,911,057
Compensated absences (vacation)	126,259	135,141
Net other postemployment benefits OPEB liability	687,175	6,980,852
Aggregate net pension liability	41,985,265	41,664,050
Totals	$ 164,610,203	$ 175,943,183

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2018-2019 ARE NOTED BELOW:

- All employee groups received a salary increase equivalent to 3%.
- The old theater was demolished so that construction could begin on the new Science, Technology, Engineering, Art and Mathematics (STEAM) building.
- All of the District's financial and personnel accounting was successfully transitioned to the ESCAPE enterprise financial system run through the Alameda County Office of Education.
- The District continued to successfully complete the actions and services identified in the LCAP with continued progress for all student groups.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-20 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

- LCFF Revenues are based on the FCMAT LCFF Calculator and funding rates available at the May Revise (May 2019).
- Enrollment is currently projected to decline by 56 students. The District will use 2018-19 ADA for budget purposes.
- The Piedmont Education Foundation has committed a total of $3.0 M to support various programs throughout the District.
- Measure A, the School Support (Parcel) tax will increase by 2%, as allowed by the ballot language, recommended by the Parcel Tax Subcommittee and approved by the Board.
- Employee costs are based on adjustments to staffing based on enrollment projections and attrition, natural progression of employees (step increases), the equivalent of 1% raise (an "equity" raise) for all APSA (Administrator) and CSEA (Classified) employees and the increased employer contributions rates for employer contributions to the STRS and PERS pensions.
- Non-personnel expenses have been reduced to eliminate the budget deficit. Several contracts that ended were eliminated from the budget; district costs for professional development and for supplies were reduced. A portion of the ending fund balance was designated for the offer made to APT (bargaining unit for certificated employees) of a 1% raise.

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
Superintendent
Piedmont Unified School District
Piedmont, CA 94611
OR
rbooker@piedmont.k12.ca.us

PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 57,000,689
Receivables	2,290,560
Prepaid expenses	399,057
Capital assets not depreciated	7,349,894
Capital assets, net of accumulated depreciation	72,620,253
Total Assets	139,660,453
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to debt refunding	677,042
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	379,014
Deferred outflows of resources related to pension	13,651,236
Total Deferred Outflows of Resources	14,707,292
LIABILITIES	
Accounts payable	2,482,710
Interest payable	1,477,360
Unearned revenue	32,213
Long Term Obligations:	
Current portion of long-term obligations other than pensions	5,271,003
Noncurrent portion of long-term obligations other than pensions	116,666,760
Total Long-Term Obligations	121,937,763
Other postemployment benefits (OPEB)	6,867,175
Aggregate net pension liability	41,984,265
Total Liabilities	174,781,486
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to debt refunding	420,000
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	192,365
Deferred inflows of resources related to pensions	3,124,036
Total Deferred Inflows of Resources	3,736,401
NET POSITION	
Net investment in capital assets	(12,293)
Restricted for:	
Debt service	7,442,738
Capital projects	(101,219)
Educational programs	204,424
Other activities	15,317
Unrestricted	(31,699,109)
Total Net Position	$ (24,150,142)

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

PIEDMONT UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities:			
Instruction	$ 29,011,460	$ 4,281,226	$ (24,730,234)
Instruction-related activities:			
Supervision of instruction	1,170,142	125,971	(1,044,171)
Instructional library, media, and technology	733,394	51,900	(681,494)
School site administration	3,776,227	586,106	(3,190,121)
Pupil services:			
Home-to-school transportation	286,799	-	(286,799)
Food services	768,545	11,274	(757,271)
All other pupil services	2,486,629	430,309	(2,056,320)
General administration:			
Data processing	1,241,412	29,327	(1,212,085)
All other general administration	2,226,082	121,475	(2,104,607)
Plant services	4,254,079	185,286	(4,068,793)
Facility acquisition and construction	-	12,421	12,421
Ancillary services	602,973	-	(602,973)
Enterprise services	433	-	(433)
Interest on long-term obligations	3,701,834	-	(3,701,834)
Other outgo	-	1,091,551	1,091,551
Total Governmental Activities	$ 50,260,009	$ 6,926,846	(43,333,163)
	General revenues and subventions:		
	Property taxes, levied for general purposes		12,298,250
	Property taxes, levied for debt service		7,180,413
	Taxes levied for other specific purposes		10,406,243
	Federal and State aid not restricted to specific		10,641,001
	Interest and investment earnings		78,477
	Miscellaneous		5,765,905
	Subtotal, General Revenu		46,370,289
	Change in Net Position		3,037,126
	Net Position - Beginning		(27,187,268)
	Net Position - Ending		$ (24,150,142)

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

PIEDMONT UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund
ASSETS		
Deposits and investments	$ 2,435,394	$ 17,852,325
Receivables	1,696,892	96,544
Due from other funds	30,300	-
Prepaid expenses	399,057	-
Total Assets	$ 4,561,643	$ 17,948,869
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 1,296,611	$ 1,172,079
Due to other funds	80,417	-
Unearned revenue	32,213	-
Total Liabilities	1,409,241	1,172,079
Fund Balances:		
Nonspendable	435,137	-
Restricted	539,850	16,776,790
Assigned	774,815	-
Unassigned	1,402,600	-
Total Fund Balances	3,152,402	16,776,790
Total Liabilities and Fund Balances	$ 4,561,643	$ 17,948,869

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 8,625,401	$ 1,033,096	$ 29,946,216
294,697	202,427	2,290,560
-	80,417	110,717
-	-	399,057
$ 8,920,098	$ 1,315,940	$ 32,746,550
$ -	$ 14,020	$ 2,482,710
-	30,300	110,717
-	-	32,213
-	44,320	2,625,640
-	-	435,137
8,920,098	15,317	26,252,055
-	1,249,019	2,023,834
-	7,284	1,409,884
8,920,098	1,271,620	30,120,910
$ 8,920,098	$ 1,315,940	$ 32,746,550

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

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

Total Fund Balance - Governmental Funds		**$ 30,120,910**
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	$ 107,521,952	
Accumulated depreciation is	(27,551,805)	
Net Capital Assets		79,970,147
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(1,477,360)
Cash held with fiscal agent represents crossover refunding bond proceeds placed in an escrow account to be held until the crossover date at which time the funds will be used to refund the outstanding maturities of the District's Election 2006, Series E capital appreciation bonds and is not reported in the District's funds.		27,054,473
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		257,042
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		13,651,236

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		(3,124,036)
Deferred outflows and inflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds.		186,649
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,984,265)
Net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(6,867,175)
Long-term liabilities are reported on the statement of net position and not on the fund statements and at year end consist of:		
General obligation bonds	$ (115,426,483)	
Compensated absences (vacations)	(126,259)	
Bond premium net of amortization	(6,385,021)	
Total Long-Term Liabilities		(121,937,763)
Total Net Position - Governmental Activities		**$ (24,150,142)**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund
REVENUES		
Local Control Funding Formula	$ 21,931,706	$ -
Federal sources	633,507	-
Other state sources	4,934,386	17,831
Other local sources	16,374,387	382,621
Total Revenues	43,873,986	400,452
EXPENDITURES		
Current		
Instruction	28,088,335	-
Instruction-related activities:		
Supervision of instruction	1,158,468	-
Instructional library, media and technology	726,077	-
School site administration	3,747,343	-
Pupil services:		
Home-to-school transportation	283,937	-
Food services	-	-
All other pupil services	2,461,819	-
General administration:		
Data processing	1,229,026	-
All other general administration	2,178,871	-
Plant services	3,138,932	523,169
Ancillary services	596,957	-
Enterprise services	-	-
Facility acquisition and construction	66,383	5,041,495
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	43,676,148	5,564,664
Excess (Deficiency) of Revenues Over Expenditures	197,838	(5,164,212)
Other Financing Sources (Uses):		
Transfers in	31,195	-
Transfers out	(61,195)	-
Net Financing Sources (Uses)	(30,000)	-
NET CHANGE IN FUND BALANCES	167,838	(5,164,212)
Fund Balance - Beginning	2,984,564	21,941,002
Fund Balance - Ending	$ 3,152,402	$ 16,776,790

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 21,931,706
(3)	6,182	639,686
32,030	11,274	4,995,521
8,332,041	1,082,440	26,171,489
8,364,068	1,099,896	53,738,402
-	-	28,088,335
-	-	1,158,468
-	-	726,077
-	-	3,747,343
-	-	283,937
-	760,877	760,877
-	-	2,461,819
-	-	1,229,026
-	25,000	2,203,871
-	44,024	3,706,125
-	-	596,957
-	450	450
-	23,385	5,131,263
6,500,000	-	6,500,000
3,130,435	-	3,130,435
9,630,435	853,736	59,724,983
(1,266,367)	246,160	(5,986,581)
-	30,000	61,195
-	-	(61,195)
-	30,000	-
(1,266,367)	276,160	(5,986,581)
10,186,465	995,460	36,107,491
$ 8,920,098	$ 1,271,620	$ 30,120,910

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Total Net Change in Fund Balance - Governmental Funds		**$ (5,986,581)**
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 expense in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Depreciation expense	$ (2,035,185)	
Capital outlays	4,620,662	
Net Expense Adjustment		2,585,477
Loss on disposal of capital assets is reported in the government-wide statement of net position, but is not recorded in the governmental funds.		(739,437)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned or used 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).		8,882
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.		1,757,654
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.		(254,231)
Premiums and refunding gains and losses on bonds are amortized over the term of the bond in the government-wide statements, but are recorded as an other source of funds in the year of issue on the governmental fund statements.		526,036

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

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Current year changes for cash held with fiscal agent related to the cross over bonds.	846,761
Change in fair market value of cash held with fiscal agent is not reported in governmental funds	(555,000)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	5,945,000
Current year interest accretion for the capital appreciation bonds.	(1,119,400)
Interest on long-term debt 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 accrues, regardless of when it is due.	21,965
Change in Net Position of Governmental Activities	**$ 3,037,126**

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

PIEDMONT UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Agency Funds
ASSETS	
Deposits and investments	$ 349,923
LIABILITIES	
Due to student groups	$ 349,923

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Piedmont Unified School District (District) was 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 schools, one middle school, 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.

Component Units

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

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 a 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 statute 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 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 the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 11, Adult Education, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve for other than Capital Outlay being combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, liabilities, fund balance, revenues and expenditures of $1,115,886, $427,908, $687,978, $739,435, and $831,193, respectively.

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 District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established 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 lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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).

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

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

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

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function. 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.

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

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

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

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 45 or 60 days.

However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

Investments

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

Restricted Assets

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

Prepaid Expenditures (Expenses)

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

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 buildings. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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, except for the net residual amounts due between governmental activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Debt Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

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

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolution or other action as approved by the governing board. The District currently has no 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 financial officer 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 had provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-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 liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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.

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

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

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements

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

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

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

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

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

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

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

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

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

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

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

If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.

If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Government-wide activities	$ 57,000,689
Fiduciary funds	349,923
Total Deposits and Investments	$ 57,350,612

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

Cash on hand and in banks	$ 588,794
Cash in revolving fund	36,080
Investments	56,725,738
Total Deposits and Investments	$ 57,350,612

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* Sections 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 manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments by maintaining funds in the investment pool listed below. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

Investment Type	Fair Value	Weighted Average Maturity in Days
County Treasury Investment Pool	$ 29,671,265	420
Cash with Fiscal Agent	27,054,473	N/A
Total	$ 56,725,738	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county treasury investment pool are not required to be rated, nor have they been rated as of June 30, 2019.

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 has no investments in any one issuer that represent five percent (5%) or more of the total investments that are required to be disclosed at June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $246,000 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 custodial credit risk is limited as all funds were invested in the county treasury investment pool.

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 Investments are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Treasury Investment Pool	$ 29,671,265	$ -	$ -	$ -	$ 29,671,265
Cash with Fiscal Agent	27,054,473	-	-	-	27,054,473
Total	$ 56,725,738	$ -	$ -	$ -	$ 56,725,738

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

NOTE 4 - RECEIVABLES

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 615,348	$ -	$ -	$ 698	$ 616,046
State Government					
Categorical aid	94,185	-	-	-	94,185
Lottery	62,799	-	-	-	62,799
Local Government					
Interest	14,284	96,544	48,003	4,011	162,842
Other local sources	910,276	-	246,694	197,718	1,354,688
Total	$ 1,696,892	$ 96,544	$ 294,697	$ 202,427	$ 2,290,560

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Adjustments	Deductions	Balance June 30, 2019
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	$ 335,023	$ -	$ -	$ -	$ 335,023
Construction in Progress	2,547,664	4,729,137	-	261,930	7,014,871
Total Capital Assets Not Being Depreciated	2,882,687	4,729,137	-	261,930	7,349,894
Capital Assets Being Depreciated:					
Land Improvements	5,328,030	43,650		-	5,371,680
Buildings and Improvements	95,716,411	72,445	590,759	2,416,558	93,963,057
Furniture and Equipment	1,466,500	437,360	(590,759)	475,780	837,321
Total Capital Assets Being Depreciated	102,510,941	553,455	-	2,892,338	100,172,058
Total Capital Assets	105,393,628	5,282,592	-	3,154,268	107,521,952
Less Accumulated Depreciation:					
Land Improvements	2,440,796	104,757	40,525	-	2,505,028
Buildings and Improvements	24,005,905	2,003,736	18,791	1,279,674	24,711,176
Furniture and Equipment	822,820	26,081	40,073	473,227	335,601
Total Accumulated Depreciation	27,269,521	2,134,574	99,389	1,752,901	27,551,805
Governmental Activities Capital Assets, Net	$ 78,124,107	$ 3,148,018	$ (99,389)	$ 1,401,367	$ 79,970,147

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

Governmental Activities	
Instruction	$ 1,333,471
Supervision of instruction	54,997
Instructional library, media, and technology	34,470
School site administration	177,902
Home-to-school transportation	13,480
Food services	36,122
All other pupil services	116,873
Ancillary	28,340
Data processing	104,627
All other general administration	58,347
Plant services	175,945
Total Depreciation Expenses Governmental Activities	$ 2,134,574

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 payable balances at June 30, 2019, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Fund	Total
General Fund	$ -	$ 80,417	$ 80,417
Non-Major Governmental Funds	30,300	-	30,300
Total	$ 30,300	$ 80,417	$ 110,717

All balances resulted from the time lag between the date that (1) interfund goods and services were provided or reimburseable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made in the subsequent fiscal year.

Operating Transfers

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

	Transfer To		
Transfer From	General Fund	Non-Major Fund	Total
General Fund	$ 31,195	$ 30,000	$ 61,195

The General Fund transferred to the Special Reserve Capital Outlay Fund to reserve for future sports field repairs.	$ 30,000
The General Fund transferred to the Deferred Maintenance Fund to support project costs	31,195
Total	$ 61,195

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

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 601,214	$ 1,172,079	$ 14,020	$ 1,787,313
Salaries and benefits	695,397	-	-	695,397
Total	$ 1,296,611	$ 1,172,079	$ 14,020	$ 2,482,710

NOTE 8 – UNEARNED REVENUE

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

	General Fund	Total
Federal financial assistance	$ 31,088	$ 31,088
State categorical aid	1,125	1,125
Total	$ 32,213	$ 32,213

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Accretions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 120,252,083	$ 1,119,400	$ 5,945,000	$ 115,426,483	$ 4,775,000
Bond premium, net	6,911,057	-	526,036	6,385,021	496,003
Compensated absences	135,141	-	8,882	126,259	-
	$ 127,298,281	$ 1,119,400	$ 6,479,918	$ 121,937,763	$ 5,271,003

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences, net other postemployment benefit obligation, and the aggregate net pension liabilities are paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Accretions	Redeemed	Bonds Outstanding June 30, 2019
10/14/2009	8/1/2018	2.0-3.0%	$ 13,145,000	$ 2,245,000	$ -	$ 2,245,000.00	$ -
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	16,477,083	1,119,400	-	17,596,483
11/13/2014	8/1/2020	2.0-5.0%	$ 9,965,000	5,725,000	-	1,200,000	4,525,000
3/10/2015	8/1/2031	2.0-5.0%	$ 16,075,000	16,030,000	-	50,000	15,980,000
4/12/2017	8/1/2046	5.00%	$ 26,000,000	26,000,000	-	2,450,000	23,550,000
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
				$ 120,252,083	$ 1,119,400	$ 5,945,000	$ 115,426,483

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 4,775,000	$ 3,776,489	$ 8,551,489
2021	3,185,000	3,609,364	6,794,364
2022	685,000	3,539,289	4,224,289
2023	785,000	3,502,539	4,287,539
2024	980,000	3,458,412	4,438,412
2025-2029	21,583,473	15,464,736	37,048,209
2030-2034	26,032,654	16,791,562	42,824,216
2035-2039	29,282,551	50,302,508	79,585,059
2039-2043	16,545,000	2,426,059	18,971,059
2044-2047	5,975,000	370,700	6,345,700
Total	109,828,678	$ 103,241,658	$ 213,070,336
Accretions to date	5,597,805		
Total	$ 115,426,483		

Refunding Bond

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 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, 2019 was $27,054,429.

Defeased Debt

On April 12, 2017, the District defeased general obligation bonds issued in 2006 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund with an escrow agent. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District's Long-Term Obligations. The balance in the escrow account at June 30, 2019, was $16,411,662.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $126,259.

Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 6,867,175	$ 379,014	$ 192,365	$ 484,791

The details of the plan are as follows:

<u>District Plan</u>

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 Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	123
Active employees	347
	470

Benefits Provided

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

Contributions

The 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 fiscal year 2018-2019, the District paid $379,014 in benefits.

Net OPEB Liability

The District's total OPEB liability of $6,867,175 was measured as of June 30, 2018. The total OPEB liability used to calculate the reported amount was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Discount rate	3.8 percent
Health care cost trend rates	4.0 percent

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 reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Total OPEB Liability

Balance at June 30, 2017	$	6,980,852
Service Cost		243,037
Interest		261,793
ExpectedBenefit payments		(426,142)
Changes of assumptions		(192,365)
Net change in total OPEB liability		(113,677)
Balance at June 30, 2018	$	6,867,175

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

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		Net OPEB Liability
1% decrease (2.8%)	$	7,492,460
Current discount rate (3.8%)		6,867,175
1% increase (4.8%)		6,316,374

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

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 Rate		Net OPEB Liability
1% decrease (3%)	$	6,737,748
Current healthcare cost trend rate (4%)		6,867,175
1% increase (5%)		7,049,506

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

For the year ended June 30, 2018, the District recognized OPEB expense of $484,791. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 379,014	$ -
Differences between expected and actual experience	-	-
Changes of assumptions	-	(172,326)
Net difference between projected and actual earnings on OPEB plan investments	-	-
	$ 379,014	$ (172,326)

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
2019	$ (20,039)
2020	(20,039)
2021	(20,039)
2022	(20,039)
2023	(20,039)
Thereafter	(72,131)
	$ (172,326)

NOTE 10 – FUND BALANCE

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	$ 36,080	$ -	$ -	$ -	$ 36,080
Prepaid expenditures	399,057	-	-	-	399,057
Total Nonspendable	435,137	-	-	-	435,137
Restricted					
Legally restricted programs	539,850	-	-	-	539,850
Capital projects	-	16,776,790	-	-	16,776,790
Debt services	-	-	8,920,098	-	8,920,098
Food services	-	-	-	15,317	15,317
Total Restricted	539,850	16,776,790	8,920,098	15,317	26,252,055
Assigned					
Other	774,815	-	-	1,249,019	2,023,834
Total Assigned	774,815	-	-	1,249,019	2,023,834
Unassigned					
Reserve for economic uncertainties	1,287,185	-	-	-	1,287,185
Remaining unassigned	115,415	-	-	7,284	122,699
Total Unassigned	1,402,600	-	-	7,284	1,409,884
Total	$ 3,152,402	$ 16,776,790	$ 8,920,098	$ 1,271,620	$ 30,120,910

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. During fiscal year ending June 30, 2019, the District contracted with Alameda County Schools Insurance Group (ACSIG) JPA for property and liability insurance coverage. Extended property and liability coverage was provided by NorCal Relief. 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 2019, the District participated in the ACSIG, an insurance purchasing pool for worker's compensation coverage. 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 (ACSIG)	Workers Compensation	Statutory Limit
Excess Property and Liability Program		
NorCal Relief	Property	\$25,000 - \$1,000,000
NorCal Relief	Liability	\$50,000 - \$50,000,000
Property and Liability Program		
Schools Association For Excess Risk (SAFER)	Excess Property	\$250,000 - \$250,000,000
Schools Association For Excess Risk (SAFER)	Excess Liability	\$1,000,000 - \$25,000,000

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 30,628,046	$ 10,686,278	$ 2,906,366	$ 876,107
CalPERS	11,356,219	2,964,958	217,670	2,018,605
Total	$ 41,984,265	$ 13,651,236	$ 3,124,036	$ 2,894,712

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, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
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	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $2,975,627.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	$	30,628,046
State's proportionate share of the net pension liability associated with the District		17,535,989
Total	$	48,164,035

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0333 percent and 0.0339 percent, resulting in a net decrease in the proportionate share of 0.0006 percent.

For the year ended June 30, 2019, the District recognized pension expense of $876,107. In addition, the District recognized pension expense and revenue of $2,060,083 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,975,627	$ -
Net change in proportionate share of net pension liability	2,857,526	(1,282,104)
Difference between projected and actual earnings on pension plan investments	-	(1,179,373)
Differences between expected and actual experience in the measurement of the total pension liability	94,976	(444,889)
Changes in assumptions	4,758,149	-
Total	$ 10,686,278	$ (2,906,366)

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,	Outflows/(Inflows) of Resources
2020	$ 256,076
2021	(185,815)
2022	(989,448)
2023	(260,186)
Total	$ (1,179,373)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,117,352
2021	1,117,352
2022	1,558,043
2023	1,362,857
2024	899,339
2025	(71,285)
Total	$ 5,983,658

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Liability
1% decrease (6.10%)	$ 44,866,503
Current discount rate (7.10%)	$ 30,628,046
1% increase (8.10%)	$ 18,822,983

<u>California Public Employees Retirement System (CalPERS)</u>

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $943,711.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $11,356,219. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportion proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0426 percent and 0.0431 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2019, the District recognized pension expense of $2,018,605. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 943,711	$ -
Net change in proportionate share of net pension liability	49,759	-
Difference between projected and actual earnings on pension plan investments	93,147	(217,670)
Differences between expected and actual experience in the measurement of the total pension liability	744,472	-
Changes of assumptions	1,133,869	-
Total	$ 2,964,958	(217,670)

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 will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 338,795
2021	81,020
2022	(259,638)
2023	(67,030)
Total	$ 93,147

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 822,937
2021	683,170
2022	204,323
Total	$ 1,710,430

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 12,550,506
Current discount rate (7.15%)	$ 11,356,219
1% increase (8.15%)	$ 4,965,579

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 Social Security as its alternative plan. 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 $2,793,113 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.) Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budget 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 for an additional 2018–2019 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule*.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

The District is involved in various 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, 2019.

Construction and Other Commitments

As of June 30, 2019, the District had the following commitments:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
30's Building VRF	$ 19,484	August 2019
Fire Alarm Control Panel	128,642	August 2019
Quad Design	14,667	August 2020
STEAM Building	29,292,854	June 2020
Theater Building	1,061,982	November 2021
	$ 30,517,629	

Operating Leases

The District leases certain office equipment under non-cancelable operating leases. Future minimum rental payments under operating leases at June 30, 2019, are:

Year Ending June 30,	Lease Payment
2020	$ 94,162
2021	29,400
Total	$ 123,562

Rent expense under operating leases was $122,339 in 2019 and $121,366 in 2018. Renewal options are provided.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Alameda County Schools Insurance Group, public entity risk pool. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationship between the District, and the JPA is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the entity and the District is included in these statements. Audited financial statements are generally available from the entity.

During the year ended June 30, 2019, the District made payments of $779,316 to Alameda County Schools Insurance Group for workers' compensation, property, and liability insurance coverage.

NOTE 15 – SUBSEQUENT EVENT

The District issued Election 2016, Series 2019 general obligation bonds in the amount of $30,000,000 in August 2019. The bonds bear interest ranging from 3.0 percent to 5.0 percent and mature through August 1, 2049.

REQUIRED SUPPLEMENTARY INFORMATION

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 21,429,645	$ 21,619,160	$ 21,931,706	$ 312,546
Federal sources	660,972	632,144	633,507	1,363
Other State sources	2,847,097	2,785,572	4,934,386	2,148,814
Other local sources	15,549,810	15,779,443	16,374,387	594,944
Total Revenues[1]	40,487,524	40,816,319	43,873,986	3,057,667
EXPENDITURES				
Current				
Certificated salaries	18,365,758	18,231,357	18,488,782	(257,425)
Classified salaries	5,814,371	5,759,347	5,878,086	(118,739)
Employee benefits	10,966,655	10,794,144	12,819,768	(2,025,624)
Books and supplies	1,343,122	1,646,960	1,348,027	298,933
Services and operating expenditures	4,056,804	5,357,964	5,088,230	269,734
Other outgo	(145,000)	(145,000)	(25,000)	(120,000)
Capital outlay	-	31,386	78,255	(46,869)
Total Expenditures[1]	40,401,710	41,676,158	43,676,148	(1,999,990)
Excess (Deficiency) of Revenues Over Expenditures	85,814	(859,839)	197,838	1,057,677
Other Financing Sources (Uses):				
Transfers in	-	197,548	31,195	(166,353)
Transfers out	(30,000)	(30,000)	(61,195)	(31,195)
Net Financing Sources (Uses)	(30,000)	167,548	(30,000)	(197,548)
NET CHANGE IN FUND BALANCES	55,814	(692,291)	167,838	860,129
Fund Balance - Beginning	2,984,564	2,984,564	2,984,564	-
Fund Balance - Ending	$ 3,040,378	$ 2,292,273	$ 3,152,402	$ 860,129

[1] Due to the consolidation of Fund 11, Adult Education Fund; Fund 14, Deferred Maintenance Fund; and Fund 17, Special Reserve-Non-Capital Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets. On behalf payments of $1,559,669 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Total OPEB Liability (TOL)	2019	2018
Service Cost	$ 243,037	$ 236,532
Interest on TOL	261,793	238,886
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	(192,365)	-
Expected Benefit payments	(426,142)	(409,752)
Net change in total OPEB liability	(113,677)	65,666
Total OPEB Liability - beginning	6,980,852	6,915,186
Total OPEB Liability - ending	$ 6,867,175	$ 6,980,852
Covered payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]

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

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

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Fiscal Year	2019	2018	2017
Measurement Date	6/30/2018	6/30/2017	6/30/2016
CalSTRS			
District's proportion of the net pension liability	0.0333%	0.0339%	0.0343%
District's proportionate share of the net pension liability	$ 30,628,046	$ 31,365,687	$ 27,718,731
State's proportionate share of the net pension liability associated with the District	17,535,989	18,555,675	15,779,779
Total	$ 48,164,035	$ 49,921,362	$ 43,498,510
District's covered - employee payroll	$ 18,096,024	$ 17,936,540	$ 17,298,329
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	169.25%	174.87%	160.24%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%
CalPERS			
District's proportion of the net pension liability	0.0426%	0.0431%	0.0440%
District's proportionate share of the net pension liability	$ 11,356,219	$ 10,298,363	$ 8,682,037
District's covered - employee payroll	$ 5,614,031	$ 5,517,790	$ 5,291,631
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	202.28%	186.64%	164.07%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%

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

See accompanying note to required supplementary information.

2016 6/30/2015	2015 6/30/2014
0.3720%	0.0346%
$ 25,023,490	$ 20,224,335
13,234,668	12,212,327
$ 38,258,158	$ 32,436,662
$ 17,348,602	$ 15,958,129
144.24%	126.73%
74%	77%
0.0455%	0.0436%
$ 6,705,041	$ 4,955,168
$ 5,644,661	$ 5,800,301
118.79%	85.43%
79%	83%

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	2019	2018	2017
CalSTRS			
Contractually required contribution	$ 2,975,627	$ 2,571,025	$ 2,224,455
Contributions in relation to the contractually required contribution	(2,975,627)	(2,571,025)	(2,224,455)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 18,281,262	$ 18,096,024	$ 17,936,540
Contributions as a percentage of covered - employee payroll	16.28%	14.21%	12.40%
CalPERS			
Contractually required contribution	$ 943,711	$ 870,430	$ 751,123
Contributions in relation to the contractually required contribution	(943,711)	(870,430)	(751,123)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 5,563,602	$ 5,614,031	$ 5,517,790
Contributions as a percentage of covered - employee payroll	16.96%	15.50%	13.61%

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

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

2016	2015
$ 1,826,227	$ 1,361,235
(1,826,227)	(1,361,235)
$ -	$ -
$ 17,298,329	$ 17,348,602
10.56%	7.85%
$ 622,624	$ 581,047
(622,624)	(581,047)
$ -	$ -
$ 5,291,631	$ 5,644,661
11.77%	10.29%

See accompanying note to required supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United 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. At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 41,676,158	$ 43,676,148	$ 1,999,990

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 benefit terms since the previous valuation.

Changes of Assumptions **–** The discount rate changed from 3.5 percent to 3.8 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.

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

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

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

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 school, 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
Amal Smith	President	2022
Cory Smegal	Vice President	2020
Andrea Swenson	Member	2020
Sarah Pearson	Member	2020
Megan Pillsbury	Member	2022

ADMINISTRATION

NAME	**TITLE**
Randall Booker	Superintendent
Ruth Alahydoian	Chief Financial Officer
Cheryl Kaiser	Manager of Fiscal Services

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	637.69	638.99
Fourth through sixth	571.05	570.47
Seventh and eighth	408.62	408.50
Ninth through twelfth	891.97	887.00
Total Regular ADA	2,509.33	2,504.96
Extended Year Special Education		
Transitional kindergarten through third	2.51	2.51
Fourth through sixth	1.43	1.43
Seventh and eighth	0.81	0.81
Ninth through twelfth	0.57	0.57
Total Extended Year Special Education	5.32	5.32
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.84	1.39
Seventh and eighth	1.44	1.08
Ninth through twelfth	9.48	7.15
Total Special Education, Nonpublic, Nonsectarian Schools	12.76	9.62
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.06	0.07
Seventh and eighth	0.36	0.36
Ninth through twelfth	1.61	1.61
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.03	2.04
Total ADA	2,529.44	2,521.94

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	46,350	180	In compliance
Grades 1 - 3				
Grade 1	50,400	52,500	180	In compliance
Grade 2	50,400	52,500	180	In compliance
Grade 3	50,400	52,500	180	In compliance
Grades 4 - 6				
Grade 4	54,000	54,390	180	In compliance
Grade 5	54,000	54,390	180	In compliance
Grade 6	54,000	63,104	180	In compliance
Grades 7 - 8				
Grade 7	54,000	63,104	180	In compliance
Grade 8	54,000	63,104	180	In compliance
Grades 9 - 12				
Grade 9	64,800	64,975	180	In compliance
Grade 10	64,800	64,975	180	In compliance
Grade 11	64,800	64,975	180	In compliance
Grade 12	64,800	64,975	180	In compliance

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND [4]				
Revenues	$ 41,923,122	$ 43,873,986	$ 40,460,849	$ 40,243,914
Other sources and transfers in	50,000	31,195	-	-
Total Revenues and Other Sources	41,973,122	43,905,181	40,460,849	40,243,914
Expenditures	41,900,757	43,676,148	40,937,012	41,348,174
Other uses and transfers out	50,000	61,195	35,000	55,000
Total Expenditures and Other Uses	41,950,757	43,737,343	40,972,012	41,403,174
INCREASE (DECREASE) IN FUND BALANCE	$ 22,365	$ 167,838	$ (511,163)	$ (1,159,260)
ENDING FUND BALANCE	$ 3,174,767	$ 3,152,402	$ 2,984,564	$ 3,495,727
AVAILABLE RESERVES [2]	$ 2,527,836	$ 1,402,600	$ 2,055,061	$ 2,622,708
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [3]	6.03%	3.21%	5.02%	6.33%
LONG-TERM OBLIGATIONS [5]	$ 165,518,200	$ 170,789,203	$ 175,943,183	$ 146,196,629
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,529	2,529	2,529	2,607

The General Fund balance has decreased by $343,325 over the past two years. The fiscal year 2019-2020 budget projects an increase of $22,365 (0.7 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 deficit during the 2019-2020 fiscal year.

Average daily attendance has decreased by 78 over the past two years. No change in ADA is anticipated during fiscal year 2019-2020.

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[1] Budget 2020 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves include all unassigned fund balances including all amounts reserved for economic uncertainties contained in the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts include activity related to the consolidation of the Adult Fund, the Deferred Maintenance Fund, and the Special Revenue Fund Other Than Capital Outlay Projects as required by GASB 54 Statement No. 54.

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	Cafeteria Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Self Insurance Fund	Total Non-Major Governmental Funds
ASSETS					
Deposits and investments	$ 670,162	$ 3,561	$ 352,126	$ 7,247	$ 1,033,096
Receivables	175,269	18	27,103	37	202,427
Due from other funds	-	-	80,417	-	80,417
Total Assets	$ 845,431	$ 3,579	$ 459,646	$ 7,284	$ 1,315,940
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 4,437	$ -	9,583	$ -	$ 14,020
Due to other funds	25,000	-	5,300	-	30,300
Total Liabilities	29,437	-	14,883	-	44,320
Fund Balances:					
Restricted	15,317	-	-	-	15,317
Assigned	800,677	3,579	444,763	-	1,249,019
Unassigned	-	-	-	7,284	7,284
Total Fund Balance	815,994	3,579	444,763	7,284	1,271,620
Total Liabilities and Fund Balances	$ 845,431	$ 3,579	$ 459,646	$ 7,284	$ 1,315,940

See accompanying note to supplementary information.

PIEDMONT UNIFIED SCHOOL DISTRICT

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

	Cafeteria Fund	County School Facilities Fund	Special Reserve Capital Fund	Self Insurance Fund	Total Non-Major Governmental Funds
REVENUES					
Federal sources	$ 6,182	$ -	-	$ -	$ 6,182
Other state sources	11,274	-	-	-	11,274
Other local sources	1,048,763	276	33,266	135	1,082,440
Total Revenues	1,066,219	276	33,266	135	1,099,896
EXPENDITURES					
Current					
Pupil services:					
Food services	760,877	-	-	-	760,877
General administration:					
All other general administration	25,000	-	-	-	25,000
Plant services	-	2	44,022	-	44,024
Enterprise services	-	-	-	450	450
Facility acquisition and construction	-	983	22,402	-	23,385
Total Expenditures	785,877	985	66,424	450	853,736
Excess (Deficiency) of Revenues Over Expenditures	280,342	(709)	(33,158)	(315)	246,160
Other Financing Sources (Uses):					
Transfers in	-	-	30,000	-	30,000
Net Financing Sources (Uses)	-	-	30,000	-	30,000
NET CHANGE IN FUND BALANCES	280,342	(709)	(3,158)	(315)	276,160
Fund Balance - Beginning	535,652	4,288	447,921	7,599	995,460
Fund Balance - Ending	$ 815,994	$ 3,579	$ 444,763	$ 7,284	$ 1,271,620

See accompanying note to supplementary information.

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.

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 Balance

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

INDEPENDENT AUDITOR'S REPORTS

CPAs & BUSINESS ADVISORS

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

Governing Board
Piedmont Unified School District
Piedmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Piedmont Unified School District (District) as of and for the year ended June 30, 2019, 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 December 16, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

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

Eide Bailly LLP

San Ramon, California
December 16, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Piedmont Unified School District
Piedmont, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

Unmodified Opinion

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

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
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
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

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

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

Eide Bailly LLP

San Ramon, California
December 16, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIEDMONT UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

STATE AWARDS

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

PIEDMONT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENT FINDING
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

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

None reported.

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

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