MENLO PARK CITY SCHOOL DISTRICT
COUNTY OF SAN MATEO
MENLO PARK, CALIFORNIA

AUDIT REPORT

JUNE 30, 2020

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

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Menlo Park City School District
County of San Mateo

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Menlo Park City School District
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Menlo Park City School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with

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accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Deficit Net Position

As of June 30, 2020, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension liabilities and deferrals as reported in Note 7 and Note 8. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability, schedule of contributions for other postemployment benefits, and schedule of changes in net OPEB liability, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget report to the audited financial statements, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were 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,

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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 combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2020 on our consideration of The District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.

C & A LLP

November 8, 2020
San Jose, California

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Management's Discussion and Analysis

This discussion and analysis of Menlo Park City School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2020 are as follows:

- Total net position decreased by $4,279,347 (20%) from June 30, 2019 to June 30, 2020, mainly due to an increase in total liabilities of $5,988,848 which was a result of issuance of General Obligation Bonds and increase in net pension liability. See note 8 for information regarding the issuance of bonds to refund prior issuances and save the District over $5 million in debt service.

- The District recorded deferred outflows of resources of $38,212,658 and deferred inflows of resources of $6,224,278 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.

- The District had $70,378,781 in government-wide expenses which is 106% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $6,869,883 (10%) of the total revenues of $66,099,434.

- General revenue of $59,229,551 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 91% of total revenues in 2020 versus 90% in 2019.

- The fund balances of all funds increased by $263,770 which is a 1% increase from 2019.

- Total governmental fund revenues and expenditures totaled $66,157,842 and $66,250,132, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Menlo Park City School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Menlo Park City School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District has business-type activities for its childcare program which is reported in an enterprise fund and in the government-wide financial statements.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, the Building Fund and the Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. 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 future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has one proprietary fund, an Enterprise Fund, which is reported separately from the Governmental Funds. The Enterprise Fund is used to account for fee-based Early Learning Center Child Care Program operations.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship and student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

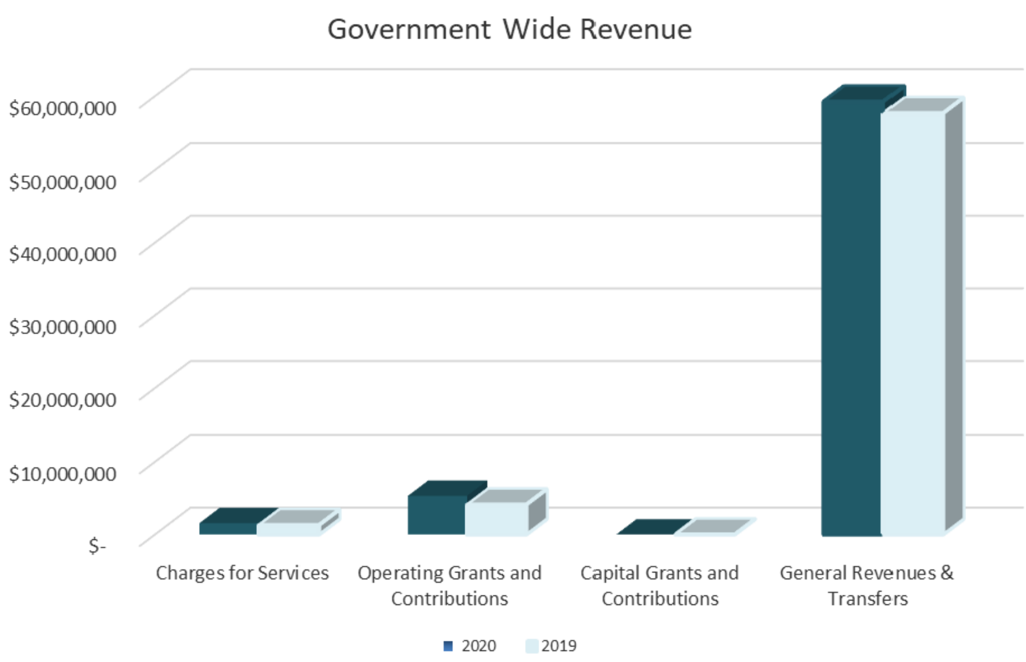
Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2020 compared to June 30, 2019:

Table 1 - Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	$ 26,154,196	$ 26,304,508	$ 120,658	$ 141,687	$ 26,274,854	$ 26,446,195
Capital Assets	133,038,658	134,191,001	-	-	133,038,658	134,191,001
Total Assets	**$159,192,854**	**$ 160,495,509**	**$ 120,658**	**$ 141,687**	**$ 159,313,512**	**$ 160,637,196**
Deferred Outflows	**$ 38,212,658**	**$ 33,881,152**	**$ -**	**$ -**	**$ 38,212,658**	**$ 33,881,152**
Liabilities						
Current Liabilities	$ 2,332,881	$ 3,002,776	$ 42,841	$ 96,689	$ 2,375,722	$ 3,099,465
Long-Term Liabilities	210,657,924	203,945,333	-	-	210,657,924	203,945,333
Total Liabilities	**$212,990,805**	**$ 206,948,109**	**$ 42,841**	**$ 96,689**	**$ 213,033,646**	**$ 207,044,798**
Deferred Inflows	**$ 6,224,278**	**$ 4,925,957**	**$ -**	**$ -**	**$ 6,224,278**	**$ 4,925,957**
Net Position						
Net Investment in Capital Assets	$ 15,302,419	$ 15,637,281	$ -	$ -	$ 15,302,419	$ 15,637,281
Restricted	8,901,676	9,178,105	77,817	44,998	8,979,493	9,223,103
Unrestricted	(46,013,666)	(42,312,791)	-	-	(46,013,666)	(42,312,791)
Total Net Position	**$ (21,809,571)**	**$ (17,497,405)**	**$ 77,817**	**$ 44,998**	**$ (21,731,754)**	**$ (17,452,407)**

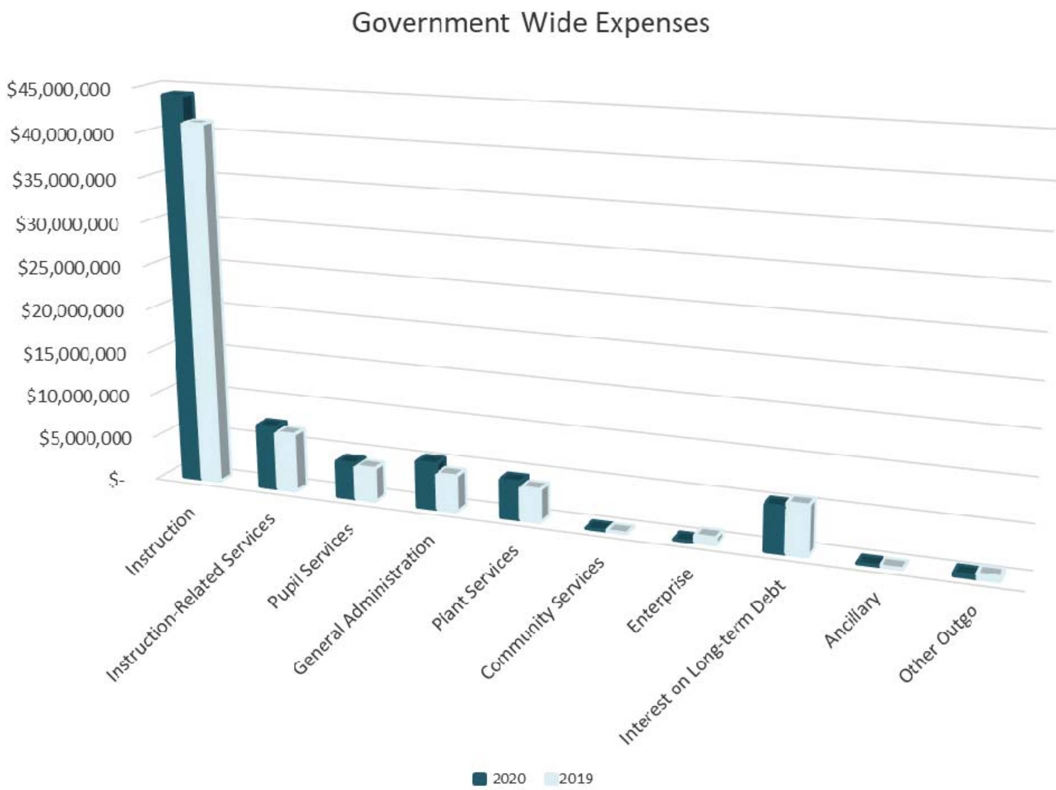
Table 2 compares the components of changes in net position for the fiscal year 2020 versus 2019:

Table 2 - Change in Net Position	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	$ 1,530,336	$ 575,156	$ 32,025	$ 726,888	$ 1,562,361	$ 1,302,044
Operating Grants and Contributions	5,307,522	4,113,411	-	-	5,307,522	4,113,411
General Revenues & Transfers	59,228,757	57,704,186	794	(46,191)	59,229,551	57,657,995
Total Revenues	66,066,615	62,392,753	32,819	680,697	66,099,434	63,073,450
Program Expenses						
Instruction	44,102,084	41,134,116	-	-	44,102,084	41,134,116
Instruction-Related Services	7,246,334	6,653,112	-	-	7,246,334	6,653,112
Pupil Services	4,098,422	3,806,138	-	-	4,098,422	3,806,138
General Administration	5,218,892	4,116,538	-	-	5,218,892	4,116,538
Plant Services	4,305,326	3,725,366	-	-	4,305,326	3,725,366
Enterprise	-	-	-	773,786	-	773,786
Interest on Long-term Debt	5,135,538	5,606,650	-	-	5,135,538	5,606,650
Ancillary	-	5,304	-	-	-	5,304
Interagency and other	272,185	486,322	-	-	272,185	486,322
Total Expenses	70,378,781	65,533,546	-	773,786	70,378,781	66,307,332
Change in Net Position	(4,312,166)	(3,140,793)	32,819	(93,089)	(4,279,347)	(3,233,882)
Beginning Net Position	(17,497,405)	(14,356,612)	44,998	138,087	(17,452,407)	(14,218,525)
Ending Net Position	**$ (21,809,571)**	**$ (17,497,405)**	**$ 77,817**	**$ 44,998**	**$ (21,731,754)**	**$ (17,452,407)**

The following chart compares government-wide revenue by category for 2020 and 2019:



The next chart compares government-wide expenses by category for 2020 and 2019:



Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 73% of total expenses in 2020 versus 78% in 2019. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services

Function	2020	2019	Increase (Decrease)	Percent
Instruction	$ 39,634,856	$ 37,930,114	$ 1,704,742	4.5%
Instruction-Related Services	6,762,544	6,341,703	420,841	6.6%
Pupil Services	3,334,984	3,069,734	265,250	8.6%
General Administration	5,039,886	4,020,262	1,019,624	25.4%
Plant Services	4,298,016	3,725,366	572,650	15.4%
Interest on Long-term Debt	5,135,538	5,606,650	(471,112)	-8.4%
Ancillary	-	5,304	(5,304)	-100.0%
Interagency and other	(664,901)	145,846	(810,747)	-555.9%
Total Net Cost of Services	**$ 63,540,923**	**$ 60,844,979**	**$ 2,695,944**	**4.4%**

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances				
Funds	2020	2019	Increase (Decrease)	Percent
General Fund	$ 15,719,597	$ 15,659,698	$ 59,899	0.4%
Deferred Maintenance Fund	663,742	1,866,614	(1,202,872)	-64.4%
Bond Interest and Redemption Fund	6,254,617	5,464,718	789,899	14.5%
Nonmajor Governmental Funds	2,717,727	2,133,702	584,025	27.4%
Enterprise Fund	77,817	44,998	32,819	72.9%
Total Fund Balances	**$ 25,433,500**	**$ 25,169,730**	**$ 263,770**	**1.0%**

Capital Assets

Table 5 shows June 30, 2020 capital asset balances compared to June 30, 2019:

Table 5 - Summary of Capital Assets Net of Depreciation				
	2020	2019		
Capital Asset	Net Capital Assets	Net Capital Assets	Increase (Decrease)	Percent
Land	$ 189,638	$ 189,638	$ -	0.0%
Work-in-Progress	75,957	384,917	(308,960)	-80.3%
Buildings	131,945,610	132,656,574	(710,964)	-0.5%
Site Improvements	346,678	412,676	(65,998)	-16.0%
Equipment	480,775	547,196	(66,421)	-12.1%
Totals	**$ 133,038,658**	**$ 134,191,001**	**$ (1,152,343)**	**-0.9%**

See Note 4 for additional information related to the changes in capital assets.

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2020.

Table 6 - Long-term Debt

Type of Debt	2020	2019	Increase (Decrease)	Percent
General Obligation Bonds	$ 144,879,211	$ 141,542,361	$ 3,336,850	2.4%
Net Pension Liabilities	59,266,732	55,847,954	3,418,778	6.1%
Net OPEB Liability	6,181,056	6,279,599	(98,543)	-1.6%
Compensated absences	330,925	275,419	55,506	20.2%
Total Debt	**$ 210,657,924**	**$ 203,945,333**	**$ 6,712,591**	**3.3%**

See Note 8 to the financial statements for additional information.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2020. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by $2,080,399 from adopted to final and budgeted expenditures increased by $2,408,269 from adopted to final during the year.

Factors Bearing on the District's Future

The District is a community-funded district, deriving a majority of its revenue from local property taxes and very little funding from the State. As a community-funded district, student enrollment growth does not provide additional revenues as in State-funded districts and so presents a challenge, as does the general economy. Current projections predict flat or decreasing enrollment for the next few years. The District's 2019-20 Adopted Budget included an increase in secured property tax, that portion of property tax generated from assessed values of land and structures, of an estimated 7.1%. The final, actual property tax increase was 7.24%. While this reflects a healthy economy, it should be noted that property taxes are difficult to predict. The District relies on community support with generous contributions from its foundation and four parcel taxes. Three of these parcel taxes are evergreen. On March 7, 2017, the community overwhelmingly approved a new seven-year parcel tax (Measure X) to renew and increase the expiring parcel tax. Parcel Taxes and the Education Foundation represent about 22% of the District's revenues. The District maintains healthy reserves for economic uncertainty to weather economic adversity and to provide the fiscal flexibility to address such issues as they arise. The District has developed an economic stability plan through 2021/22 to maintain current budget year reserves above 15% on the first year and minimum of 10% for the next out years per board policy.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact Menlo Park City School District Business Office, 181 Encinal Avenue, Atherton, CA 94027.

Basic Financial Statements

Menlo Park City School District

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 24,580,513	$ 77,260	$ 24,657,773
Receivables	1,573,683	43,398	1,617,081
Capital assets - net	133,038,658	-	133,038,658
Total Assets	$ 159,192,854	$ 120,658	$ 159,313,512
Deferred Outflows of Resources			
Defered loss from refunding of debt	$ 19,232,658	$ -	$ 19,232,658
OPEB adjustments	524,358	-	524,358
Pension adjustments	18,455,642	-	18,455,642
Total Deferred Outflows of Resources	$ 38,212,658	$ -	$ 38,212,658
Liabilities			
Accounts payable	$ 726,192	$ 11,339	$ 737,531
Unearned revenue	72,321	31,502	103,823
Accrued interest	1,534,368	-	1,534,368
Long-term liabilities:			
Due within one year	3,938,081	-	3,938,081
Due after one year	206,719,843	-	206,719,843
Total Liabilities	$ 212,990,805	$ 42,841	$ 213,033,646
Deferred Inflows of Resources			
OPEB adjustments	$ 174,495	$ -	$ 174,495
Pension adjustments	6,049,783	-	6,049,783
Total Deferred Inflows of Resources	$ 6,224,278	$ -	$ 6,224,278
Net Position			
Net investment in capital assets	$ 15,066,700	$ -	$ 15,066,700
Restricted for:			
Educational programs	1,966,198	-	1,966,198
Debt service	6,254,617	-	6,254,617
Cafeteria programs	17,119	-	17,119
Deferred maintenance	663,742	-	663,742
Early Learning Center	-	77,817	77,817
Unrestricted	(45,777,947)	-	(45,777,947)
Total Net Position	$ (21,809,571)	$ 77,817	$ (21,731,754)

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	$ 44,102,084	$ 601,333	$ 3,865,895	$ (39,634,856)	$ -	$ (39,634,856)
Instruction-related services:						
Supervision of instruction	2,497,729	30,568	158,306	(2,308,855)	-	(2,308,855)
Instruction library, media and technology	1,410,803	26,181	78,475	(1,306,147)	-	(1,306,147)
School site administration	3,337,802	1,885	188,375	(3,147,542)	-	(3,147,542)
Pupil services:						
Home-to-school transportation	437,858	790	-	(437,068)	-	(437,068)
Food services	646,452	240,304	173,719	(232,429)	-	(232,429)
All other pupil services	3,014,112	26,657	321,968	(2,665,487)	-	(2,665,487)
General administration:						
Data processing	1,197,620	61,360	42,318	(1,093,942)	-	(1,093,942)
All other general administration	4,021,272	12,633	62,695	(3,945,944)	-	(3,945,944)
Plant services	4,305,326	4,326	2,984	(4,298,016)	-	(4,298,016)
Interagency and other	272,185	524,299	412,787	664,901	-	664,901
Interest on long-term debt	5,135,538	-	-	(5,135,538)	-	(5,135,538)
Total governmental activities	$ 70,378,781	$ 1,530,336	$ 5,307,522	(63,540,923)		(63,540,923)
Business-type activities:						
Early learning center	$ 1,389,628	$ 1,350,451	$ 71,202		32,025	32,025
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes				36,120,394	-	36,120,394
Taxes levied for debt service				6,903,391	-	6,903,391
Taxes levied for other specific purposes				8,676,412	-	8,676,412
Federal and state aid not restricted to specific purposes				2,850,261	-	2,850,261
Interest and investment earnings				355,874	794	356,668
Miscellaneous				4,413,650	-	4,413,650
Special item:						
Loss on disposal of capital assets				(91,225)	-	(91,225)
Total general revenues and special items				59,228,757	794	59,229,551
Change in net position				(4,312,166)	32,819	(4,279,347)
Net position beginning				(17,497,405)	44,998	(17,452,407)
Net position ending				$ (21,809,571)	$ 77,817	$ (21,731,754)

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Deferred Maintenance Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 14,979,940	$ 655,868	$ 6,233,093	$ 2,711,612	$ 24,580,513
Accounts receivable	1,474,004	967	21,524	77,188	1,573,683
Due from other funds	15,675	7,603	-	-	23,278
Total Assets	$ 16,469,619	$ 664,438	$ 6,254,617	$ 2,788,800	$ 26,177,474
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 670,098	$ 696	$ -	$ 55,398	$ 726,192
Due to other funds	7,603	-	-	15,675	23,278
Unearned revenue	72,321	-	-	-	72,321
Total Liabilities	750,022	696	-	71,073	821,791
Fund balances:					
Nonspendable:					
Revolving fund	5,000	-	-	-	5,000
Restricted for:					
Educational programs	1,966,198	-	-	-	1,966,198
Cafeteria programs	-	-	-	17,119	17,119
Debt service	-	-	6,254,617	-	6,254,617
Deferred maintenance	-	663,742	-	-	663,742
Assigned for:					
Parcel tax	482,000	-	-	-	482,000
Instructional materials	700,000	-	-	-	700,000
Extended Technology (TOSA)	160,000	-	-	-	160,000
Early Learning Center	143,523	-	-	-	143,523
Capital projects	-	-	-	2,700,608	2,700,608
Foundation and site grants	30,182	-	-	-	30,182
Strategic direction	135,150	-	-	-	135,150
Unassigned:					
Reserve for economic uncertainties	12,097,544	-	-	-	12,097,544
Total Fund Balances	15,719,597	663,742	6,254,617	2,717,727	25,355,683
Total Liabilities and Fund Balances	$ 16,469,619	$ 664,438	$ 6,254,617	$ 2,788,800	$ 26,177,474

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds		$ 25,355,683
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	$ 171,684,848	
Accumulated depreciation	(38,646,190)	133,038,658
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:		(1,534,368)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		18,455,642
The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(6,049,783)
OPEB adjustments:		
Difference between actual and expected earnings		7,137
Contributions subsequent to the measurement date		517,221
Change in assumptions and expected and actual experience		(174,495)
Losses on refundings of debt are categorized as deferredoutflows and are amortized over the shortened life of therefunded or refunding debt.		19,232,658
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds	$ 144,879,211	
Net pension liabilities	59,266,732	
Net OPEB liability	6,181,056	
Compensated absences	330,925	(210,657,924)
Total net position - governmental activities		$ (21,809,571)

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Deferred Maintenance Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF Sources	$ 37,434,484	$ -	$ -	$ -	$ 37,434,484
Federal	666,087	-	-	168,196	834,283
Other state	4,515,240	693,400	12,654	12,304	5,233,598
Other local	14,186,604	83,370	6,945,225	1,440,278	22,655,477
Total revenues	56,802,415	776,770	6,957,879	1,620,778	66,157,842
Expenditures:					
Instruction	38,310,931	-	-	-	38,310,931
Instruction-related services:					
Supervision of instruction	2,332,576	-	-	-	2,332,576
Instruction library, media and technology	1,317,519	-	-	-	1,317,519
School site administration	3,117,102	-	-	-	3,117,102
Pupil services:					
Home-to-school transportation	408,906	-	-	-	408,906
Food services	-	-	-	398,533	398,533
All other pupil services	2,814,815	-	-	-	2,814,815
General administration:					
Data processing	1,118,432	-	-	-	1,118,432
All other general administration	3,122,960	-	-	338,796	3,461,756
Plant services	3,614,715	141,894	-	85,632	3,842,241
Facility acquisition and construction	312,375	1,837,748	-	537,033	2,687,156
Interagency and other	272,185	-	-	-	272,185
Debt service:					
Principal	-	-	2,786,272	-	2,786,272
Interest and fees	-	-	3,381,708	-	3,381,708
Total expenditures	56,742,516	1,979,642	6,167,980	1,359,994	66,250,132
Excess (deficiency) of revenues over (under) expenditures	59,899	(1,202,872)	789,899	260,784	(92,290)
Other financing sources (uses):					
Transfers in	-	-	1,677,450	159	1,677,609
Transfers out	-	-	(1,677,450)	(159)	(1,677,609)
Long-term debt defeasance	-	-	-	(44,798,708)	(44,798,708)
Long-term debt issuance	-	-	-	45,121,949	45,121,949
Total other financing sources (uses)	-	-	-	323,241	323,241
Changes in fund balances	59,899	(1,202,872)	789,899	584,025	230,951
Fund balances beginning	15,659,698	1,866,614	5,464,718	2,133,702	25,124,732
Fund balances ending	$ 15,719,597	$ 663,742	$ 6,254,617	$ 2,717,727	$ 25,355,683

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net change in fund balances - governmental funds		$ 230,951
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions of $2,504,824 was less than depreciation expense of $3,565,942 in the period.		(1,061,119)
Governmental funds do not report loss on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item.		(91,225)
The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
General obligation bond principal	$ 2,786,272	
Defeasance of long-term debt	44,798,708	
Issuance from long-term debt	(45,121,949)	
Loss on defeasance amortization	(922,456)	
Accreted Interest	(1,462,429)	
Amortization of bond premiums	342,423	420,569
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		288,632
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than vacation used.		(55,506)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(3,918,417)
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(126,051)
Change in net position of governmental activities		$ (4,312,166)

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Fund
	Early Learning Center
Assets	
Current Assets:	
Cash and investments	$ 77,260
Accounts receivable	43,398
Total Assets	$ 120,658
Liabilities	
Current Liabilities:	
Accounts payable	$ 11,339
Unearned revenue	31,502
Total Liabilities	$ 42,841
Net Position	
Restricted	$ 77,817
Total Net Position	$ 77,817

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2020

	Enterprise Fund
	Early Learning Center
Operating Revenues	
Local revenue	$ 1,350,451
State revenue	71,202
Total Operating Revenue	1,421,653
Operating Expenses	
Certificated salaries	600,739
Classified salaries	329,058
Employee benefits	391,586
Books and supplies	59,541
Services and other operating expenses	8,704
Total Operating Expenses	1,389,628
Operating Income (Loss)	32,025
Nonoperating Revenues (Expenses):	
Interest income	794
Income Before Transfers	32,819
Change in Net Position	32,819
Beginning Net Position	44,998
Ending Net Position	$ 77,817

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	Enterprise Fund Early Learning Center
Cash Flows from Operating Activities	
Cash received from services	$ 1,326,323
Cash paid to employees	(1,322,628)
Cash paid for supplies and services	(68,245)
Net cash provided by (used for) operating activities	(64,550)
Cash Flows from Investing Activities	
Interest income	794
Net cash provided by (used for) investing activities	794
Increase (Decrease) in Cash and Cash Equivalents	(110,193)
Cash and Cash Equivalents - Beginning	187,453
Cash and Cash Equivalents - Ending	$ 77,260
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	$ 32,025
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(42,727)
Increase (decrease) in accounts payable	(1,245)
Increase (decrease) in unearned revenue	(52,603)
Net cash provided by operating activities	$ (64,550)

The notes to basic financial statements are an integral part of this statement

Menlo Park City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

		Student Body Agency Fund
Assets		
Cash on hand and in banks	$	33,197
Total Assets	$	33,197
Liabilities		
Due to student groups	$	33,197
Total Liabilities	$	33,197

The notes to basic financial statements are an integral part of this statement

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Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Menlo Park City School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The account policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations and the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board.

The financial reporting entity only consists of the primary government, the District. The District has evaluated whether any other entity should be included in these financial statements using the criteria established by GASB which requires local governments to report: (a) organizations for which the primary government is financially accountable, and (b) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the District has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the District.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to minimize the effect of interfund of activities. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as 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 of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The Enterprise Fund is presented in the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Position. The Statement of Revenue, Expenses, and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenue) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District Office finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary funds are reported using the economic resources measurement focus.

D. <u>Basis of Accounting</u>

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 365 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflows/Inflows of Resources:

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

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable resources.

Expenses/Expenditures:

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

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into governmental major and non-major, proprietary and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. For financial reporting purposes, the current year activity and year end balances of the Special Reserve for Other than Capital Outlay Fund is combined with the General Fund.

The *Deferred Maintenance Fund* is used to account for restricted state resources required to be spent on facilities maintenance.

The *Bond Interest and Redemption Fund* is used to account for taxes received and expended on interest and the redemption of principal of general obligation bonds.

Proprietary funds include one Enterprise Fund which is intended to be a self-supporting entity. The *Enterprise Fund* is used to account for revenue and expenses for a fee-based Early Learning Center Program.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund and major special revenue funds are presented as Required Supplementary Information. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

G. Encumbrances

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

H. Benefit Plans

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 District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System plans (STRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

The following summarizes the pension plan balances for the fiscal year:

	PERS		STRS		Total	
Deferred outflows of resources	$	3,656,700	$	14,798,942	$	18,455,642
Deferred inflows of resources	$	140,364	$	5,909,419	$	6,049,783
Pension expense	$	3,298,062	$	7,020,374	$	10,318,436
Net pension liabilities	$	14,108,732	$	45,158,000	$	59,266,732

Other 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's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

I. Assets, Liabilities, and Equity

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

The county is authorized to deposit cash and invest excess funds by California Government Code Section '53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

c) Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the consumption method, in that expenditures are recorded when inventory is used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

Prepaid expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over 5 to 30 years by asset type.

e) Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

f) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

g) Fund Balance Policy and Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 10 percent of general fund operating expenditures and other financing uses. The District was in compliance with this policy as of June 30, 2020. In accordance with Government Accounting Standards, the District classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. While the Board of Education has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2020 no formal designation of assignment authority has occurred and the Board of Education retains ultimate authority for assigning fund balance.

- Unassigned includes positive fund balances within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

h) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Maintenance restrictions will be used for the maintenance of school facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational programs restrictions reflect the amounts to be expended on specific school programs funded by federal and state resources and from locally funded programs with stipulated uses.

Cafeteria Program restrictions reflect the cash balances in the Cafeteria fund that are restricted for food services and child nutrition programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

j) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

k) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

l) Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

m) Eliminations and Reclassifications

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

J) Upcoming Accounting and Reporting Changes

GASB 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 were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs 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. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The 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. This Statement also requires that a component unit in which a government has 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. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The 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 also clarifies 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 commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements**.**

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The District does not believe this statement will have a significant impact on the District's financial statements.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2020 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash with County	$ 24,650,636	$ 25,138,719
Cash in revolving fund	5,000	5,000
Cash with Fiscal Agent	161	161
Total Cash Deposits	24,655,797	25,143,880
Investments:		
Local Agency Investment Fund	1,976	1,976
Total Cash and Investments	$ 24,657,773	$ 25,145,856
Fiduciary Funds:		
Cash on hand and in banks	$ 33,197	$ 33,197

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2020, the bank balances of the District's accounts were fully insured by FDIC.

Cash in County Treasury

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

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2020:

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

Policies and Practices

The District is authorized under California Government Code Section 53635 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.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the County of San Mateo Investment Pool. The pool has a fair value of approximately $1.6 billion and an amortized book value of $1.5 billion.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County of San Mateo Investment Pool is governed by the County's general investment policy. The investment with the County of San Mateo Investment Pool is rated at least AA by Moody's Investor Service.

Custodial Credit Risk - Deposits

Custodial credit risk 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 agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

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. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are, therefore, exempt.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2020:

Receivables	General Fund	Deferred Maintenace Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Enterprise Fund
Federal government	$ 596,340	$ -	$ -	$ 53,112	$ -
State Government	583,726	-	-	-	-
Other resources	293,939	967	21,524	24,076	43,398
Total Receivables	$ 1,474,004	$ 967	$ 21,524	$ 77,188	$ 43,398

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2020 were as follows:

Capital Assets	Balance July 01, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Land - not depreciable	$ 189,638	$ -	$ -	$ 189,638
Work-in-progress - not depreciable	384,917	297,698	(606,658)	75,957
Buildings	165,173,748	2,778,795	(88,064)	167,864,479
Site improvements	2,490,251	-	-	2,490,251
Equipment	1,029,534	34,989	-	1,064,523
Total capital assets	169,268,088	3,111,482	(694,722)	171,684,848
Less accumulated depreciation for:				
Buildings	32,517,174	3,402,238	(543)	35,918,869
Site improvements	2,077,575	65,998	-	2,143,573
Equipment	482,338	97,706	3,704	583,748
Total accumulated depreciation	35,077,087	3,565,942	3,161	38,646,190
Total capital assets - net depreciation	$ 134,191,001	$ (454,460)	$ (697,883)	$ 133,038,658

Depreciation expense was charged to the following governmental programs during the fiscal year ended June 30, 2020:

Instruction	$ 3,023,116
Food services	219,702
All other general administration	314,413
Plant services	8,711
Total depreciation expense	$ 3,565,942

5. INTERFUND TRANSACTIONS

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

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. During the fiscal year ended June 30, 2020 the District transferred $159 from the County School Facilities Fund to the Building Fund.

6. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following summarizes the District's changes in long-term liabilities during the year:

Description	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	$ 141,542,361	$ 46,758,106	$ 46,874,533	$ 141,425,934	$ 3,938,081
Net Pension Liabilities	55,847,954	22,920,582	19,501,804	59,266,732	-
Net OPEB Liability	6,279,599	1,167,630	1,266,173	6,181,056	-
Compensated Absences	275,419	55,506	-	330,925	-
Total Long-term Liabilities	$ 203,945,333	$ 70,901,824	$ 67,642,510	$ 207,204,647	$ 3,938,081

Payments on bonds were made from the Bond Interest and Redemption Fund using local revenues. Compensated absences, pension obligations and net OPEB obligations were paid by the General Fund.

General Obligation Bonds Payable

The following summarizes the bonds outstanding as of June 30, 2020:

Bond	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 01, 2019	Issued	Adjustments/ Redemptions	Bonds Outstanding June 30, 2020
Series 2010	2044	1.1-6.37	$ 22,835,271	$ 12,247,008	$ -	$ 2,720,675	$ 9,526,333
2012 Refunding	2031	2-5	31,395,000	25,325,000	-	21,155,000	4,170,000
Series 2014	2039	2-5	23,000,000	21,675,000	-	17,200,000	4,475,000
2014 Refunding	2043	3-4	39,010,000	39,010,000	-	-	39,010,000
2015 Refunding	2042	3.2-4.35	31,944,341	29,519,341	-	790,000	28,729,341
2019 Refunding	2039	1.823-2.764	41,340,000	-	41,340,000	-	41,340,000
2020 Refunding	2039	4-5	3,365,000	-	3,365,000	-	3,365,000
Subtotal General Obligation Bonds			192,889,612	127,776,349	44,705,000	41,865,675	130,615,674
Accreted Interest				7,226,777	1,636,157	1,213,158	7,649,776
Bond Premiums				6,539,235	416,949	342,423	6,613,761
Total General Obligation Bonds				$ 141,542,361	$ 46,758,106	$ 43,421,256	$ 144,879,211

In August 2014, the District issued 2014 General Obligation Refunding Bonds totaling $39,010,000. The Bonds were comprised of two issuances, which included the 2015 Crossover Refunding Bonds of $8,295,000, the proceeds of which were used to advance refund the outstanding balance of the Election of 2006, Series 2008 Current Interest Bonds, and 2018 Crossover Refunding Bonds of $30,715,000, the proceeds of which were used to refund a portion of the outstanding balance of the Election of 2006, Series 2008 Capital Appreciation Bonds.

In November 2015, the District issued 2015 General Obligation Refunding Bonds totaling $31,944,341. Of the total issued, $6,725,000 were issued as Current Interest Bonds, and $25,219,341were issued as Capital Appreciation Bonds. The proceeds of the 2015 GO Refunding Bonds were used to refund all of the outstanding 2005 GO Refunding Bonds, advance refund certain remaining maturities of the Election of 2006, Series 2008 Capital Appreciation Bonds, and advance refund certain remaining maturities of the Election of 2006, Series 2010 GO Bonds.

In September 2019, the District issued 2019 General Obligation Refunding Bonds totaling $41,340,000. The proceeds of the 2019 GO Refunding Bonds were used to advance refund certain remaining maturities of the Election of 2006, Series 2010,2012, and 2014 GO Bonds. In September 2019, the District issued 2020 General Obligation Refunding Bonds totaling $3,365,000. The proceeds of the 2020 GO Refunding Bonds were used to advance refund certain remaining maturities of the Election of 2006, Series 2010,2012, and 2014 GO Bonds. The refunding resulted in a total debt service savings of $5,398,634 of the next twenty years, which is a net present value savings of approximately $2,181,346. The refunding also resulted on a loss on defeasance of long-term debt in the government wide statement of net position totaling $4,679,875, which will be amortized as interest expense over the next 20 years. The loss has does not have an impact in the governmental fund statements.

In general, the proceeds from Bonds were used to renovate and expand educational facilities and to refund bonds previously issued.

The annual debt service requirements of the bonds are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 3,938,081	$ 3,358,126	$ 7,296,207
2022	3,895,000	3,031,745	6,926,745
2023	3,685,000	2,869,080	6,554,080
2024	4,115,000	2,719,377	6,834,377
2025	3,595,000	2,598,090	6,193,090
2026-2030	23,359,409	15,727,241	39,086,650
2031-2035	22,890,438	30,257,247	53,147,685
2036-2040	34,131,482	30,701,182	64,832,664
2041-2045	31,006,264	29,908,648	60,914,912
Total Debt Service	$ 130,615,674	$ 121,170,736	$ 251,786,410

7. CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	19.721%	19.721%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the year ended June 30, 2020, the District's contributions were as follows:

	CalPERS
Employer Contributions	$ 1,503,949

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 14,108,732

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalPERS
Proportion - June 30, 2019	0.04745%
Proportion - June 30, 2020	0.04841%
Change - Increase/(Decrease)	0.00096%

For the year ended June 30, 2020, the District recognized pension expense of $3,298,062 for the Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 671,619	$ -
Differences between Expected and Actual Experience	1,024,860	-
Differences between Projected and Actual Investment Earnings	-	130,861
Differences between Employer's Contributions and Proportionate Share of Contributions	-	9,503
Change in Employer's Proportion	456,271	-
Pension Contributions Made Subsequent to Measurement Date	1,503,949	-
Total	$ 3,656,699	$ 140,364

The District reported $1,503,949 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalPERS
2021	$ 1,452,422
2022	329,959
2023	176,403
2024	53,602
Total	$ 2,012,386

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations,* that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been

7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long- term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% used for this period.

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

		CalPERS
1% Decrease		6.15%
Net Pension Liability	$	20,336,810
Current		7.15%
Net Pension Liability	$	14,108,732
1% Increase		8.15%
Net Pension Liability	$	8,942,112

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

8. CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

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

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	18.130%	18.130%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2020, the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 4,896,070
State Contributions	3,402,369
Total	$ 8,298,439

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 45,158,000
State	24,636,850
Total	$ 69,794,850

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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 employers, actuarially determined. The state contributed 8.9 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional $854,606 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	CalSTRS
Proportion - June 30, 2019	0.04700%
Proportion - June 30, 2020	0.05000%
Change - Increase/(Decrease)	0.00300%

For the year ended June 30, 2020, the District recognized pension expense of $7,020,374 for the Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 5,711,500	$ -
Differences between Expected and Actual Experience	114,000	1,272,500
Differences between Projected and Actual Investment Earnings	-	1,739,500
Differences between Employer's Contributions and Proportionate Share of Contributions	49,391	996,156
Change in Employer's Proportion	4,027,980	1,901,263
Pension Contributions Made Subsequent to Measurement Date	4,896,070	-
Total	$ 14,798,941	$ 5,909,419

The District reported $4,896,070 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources CalSTRS**
2021	$ 1,257,874
2022	51,874
2023	732,475
2024	1,836,242
2025	57,386
Thereafter	57,600
Total	$ 3,993,451

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually)
Maintain 85% purchasing power level for DB
Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]
Global Equity	47.00%	4.75%
Fixed Income	12.00%	1.25%
Real Estate	13.00%	3.55%
Private Equity	13.00%	6.25%
Risk Mitigating Strategies	9.00%	1.75%
Inflation Sensitive	4.00%	3.25%
Cash/Liquidity	2.00%	-0.35%
Total	100.00%	

[1] 20 year average

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 67,244,000
Current	7.10%
Net Pension Liability	$ 45,158,000
1% Increase	8.10%
Net Pension Liability	$ 2,844,500

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The District's Postemployment Healthcare Plan (PHP) is a single employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees.

Benefits

The following summarizes the benefits in the plan:

	Certificated	Classified
Benefit types provided	Medical and Medicare Part B only*	Medical and Medicare Part B only*
Duration of benefits	Lifetime**	Lifetime
Required service	5 years at age 60; Prior to age 60, one additional year per year prior to age 60***	5 years at age 60; Prior to age 60, one additional year per year prior to age 60***
Minimum age	55	50****
Dependent coverage	None	None
District contribution %	100%	100%
District cap	$325 per month*	$341 per month*

*Up to 5 years of dental benefits may be provided to those retiring prior to 4/1/07. For classified retirees, the dental premium is subject to the cap. For certificated retirees, it is not.
**Those hired after 4/1/07 receive only CalPERS statutory minimum after Medicare age
***Also requires an additional 5 years of service either at Menlo Park City SD or another public school district.

Employees Covered by Benefit Terms

At June 30, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	342
Inactive employees	126
Total employees	468

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $517,221. Total benefit payments included in the measurement period were $574,458. The actuarially determined contribution for the measurement period was $799,486. The District's contributions were 1.4% of covered employee payroll during the measurement period June 30, 2019 (reporting period June 30, 2020). Employees are not required to contribute to the plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.0%, Net of OPEB plan investment expenses, including inflation
Mortality	Mort and Disb Rates_PA Misc
Retirement	2009 CalSTRS
	Hired < 2013 2009 CalPERS
	Hired > 2013 2009 CalPERS 2%@60

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
All Equities	59.00%	7.795%
All Fixed Income	25.00%	4.500%
Real Estate Investment Trusts (REITs)	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation-Protected Securities (TIPS)	5.00%	3.250%
Total	100.00%	

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2019 (measurement date) and was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2020 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2020:

Fiscal Year Ended June 30, 2020 (Measurement Date June 30, 2019)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2019	$ 8,417,566	$ 2,137,967	$ 6,279,599
Service cost	215,580	-	215,580
Interest in Total OPEB Liability	586,392	-	586,392
Employer contributions	-	504,122	(504,122)
Balance of diff between actual and exp experience	(264,218)	-	(264,218)
Actual investment income	-	132,633	(132,633)
Administrative expenses	-	(458)	458
Benefit payments	(504,122)	(504,122)	-
Net changes	33,632	132,175	(98,543)
Balance at June 30, 2020	$ 8,451,198	$ 2,270,142	$ 6,181,056

Covered Employee Payroll	$ 34,084,925
Total OPEB Liability as a % of Covered Employee Payroll	24.79%
Plan Fid. Net Position as a % of Total OPEB Liability	26.86%
Service Cost as a % of Covered Employee Payroll	0.63%
Net OPEB Liability as a % of Covered Employee Payroll	18.13%

Deferred Inflows and Outflows of Resources

At June 30, 2020, 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
Difference between actual and expected experience	$ -	$ 174,493
Difference between actual and expected earnings	7,137	-
OPEB contribution subsequent to measurement date	517,221	-
Totals	$ 524,358	$ 174,493

Of the total amount reported as deferred outflows of resources related to OPEB, $517,221 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2021.

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2020:

Service cost	$ 215,580
Interest in TOL	586,392
Expected investment income	(149,523)
Other	8,500
Difference between actual and expected experience	(19,388)
Difference between actual and expected earnings	1,253
Administrative expenses	458
OPEB Expense	**$ 643,272**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020:

Net OPEB liability ending	$ 6,181,056
Net OPEB liability beginning	(6,279,599)
Change in net OPEB liability	(98,543)
Changes in deferred outflows	50,101
Changes in deferred inflows	174,493
Employer contributions and implicit subsidy	517,221
OPEB Expense	**$ 643,272**

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	**7.00%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 7,113,899	$ 6,181,056	$ 5,397,977

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	**4.00%**	**(1% Increase)**
Net OPEB Liability (Asset)	$ 5,961,202	$ 6,181,056	$ 6,638,372

10. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims involving the District arise during the normal course of business. However, management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District’s financial position or results of operations.

Federal and State Allowances, Awards and Grants

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

11. JOINT POWERS AGREEMENTS

The District participates in a joint venture under a joint powers agreement (JPA) with San Mateo County Schools Insurance Group (SMCSIG) for property and liability, workers' compensation, vision, and dental insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The JPA arranges for and provides for various types of insurances for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA.

The following is a summary of the SMCSIG JPA's most recent financial statement information:

	SMCSIG June 30, 2019
Total Assets and Deferred Outflows	$ 26,765,380
Total Liabilities and Deferred Inflows	11,162,290
Total Equity	15,603,090
Total Revenues	45,275,439
Total Expenditures	45,026,058

12. SABSEQUENT EVENTS

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the District had not suffered a material adverse impact from the CV19 Crisis. At the date of the issuance of these financial statements, the future impact of the CV19 Crisis cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Menlo Park City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
LCFF sources	$ 36,759,536	$ 37,258,845	$ 37,434,484	$ 175,639
Federal	644,912	724,143	666,087	(58,056)
Other state	2,228,300	3,531,201	4,515,240	984,039
Other local	13,944,793	14,143,751	14,186,604	42,853
Total revenues	53,577,541	55,657,940	56,802,415	1,144,475
Expenditures:				
Certificated salaries	27,647,340	28,235,592	28,231,628	3,964
Classified salaries	7,612,824	8,090,148	8,017,772	72,376
Employee benefits	12,854,295	13,532,039	14,410,741	(878,702)
Books and supplies	1,417,871	1,719,817	1,500,330	219,487
Services and other operating expenditures	4,350,821	4,459,595	3,984,753	474,842
Capital outlay	-	346,229	340,661	5,568
Other outgo	491,297	399,297	256,631	142,666
Total expenditures	54,374,448	56,782,717	56,742,516	40,201
Excess (deficiency) of revenues over (under) expenditures	(796,907)	(1,124,777)	59,899	1,184,676
Other financing sources (uses):				
Transfers in	74,285	-	-	-
Total other financing sources (uses)	74,285	-	-	-
Changes in fund balance	$ (722,622)	$ (1,124,777)	59,899	$ 1,184,676
Fund balance beginning			15,659,698	
Fund balance ending			$ 15,719,597	

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by maor object. Any excesses are not in accordance with Education Code 42600. The excess noted for employee benefits was offset by state onbehalf payments for STRS benefits.

Menlo Park City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
Deferred Maintenance Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Other state	$ 693,400	$ 693,400	$ 693,400	$ -
Other local	30,000	99,940	83,370	(16,570)
Total revenues	723,400	793,340	776,770	(16,570)
Expenditures:				
Books and supplies	100,000	-	-	-
Services and other operating expenditures	350,000	144,000	141,893	2,107
Capital outlay	1,416,000	1,970,830	1,837,749	133,081
Total expenditures	1,866,000	2,114,830	1,979,642	135,188
Excess (deficiency) of revenues over (under) expenditures	(1,142,600)	(1,321,490)	(1,202,872)	118,618
Changes in fund balance	$ (1,142,600)	$ (1,321,490)	(1,202,872)	$ 118,618
Fund balance beginning			1,866,614	
Fund balance ending			$ 663,742	

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by maor object. Any excesses are not in accordance with Education Code 42600.

Menlo Park City School District
Schedule of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2020

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 576,663	$ 608,635	$ 805,268	$ 981,737	$ 1,213,515	$ 1,503,949
Contributions in Relation to Contractually Required Contributions	576,663	608,635	805,268	981,737	1,213,515	1,503,949
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 4,899,015**	**$ 5,137,461**	**$ 5,798,301**	**$ 6,321,145**	**$ 6,718,608**	**$ 8,326,592**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**18.06%**

Notes to Schedule:

Valuation Date: June 30, 2018

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

STRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Contractually Required Contributions	$ 1,999,983	$ 2,458,365	$ 3,122,481	$ 3,635,579	$ 4,360,663	$ 4,896,070
Contributions in Relation to Contractually Required Contributions	1,999,983	2,458,365	3,122,481	3,635,579	4,360,663	4,896,070
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 22,522,331**	**$ 22,911,137**	**$ 24,820,994**	**$ 25,194,588**	**$ 26,785,399**	**$ 27,005,352**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**18.13%**

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
This schedule provides information about the District’s required and actual contributions to PERS/STRS during the year.

Menlo Park City School District
Schedule of Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2020

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
District's Proportion of Net Pension Liability	0.04085%	0.04409%	0.06690%	0.04547%	0.04745%	0.04841%
District's Proportionate Share of Net Pension Liability	$ 4,637,000	$ 6,499,000	$ 13,213,000	$ 10,854,889	$12,651,664	$ 14,108,732
District's Covered Payroll	$ 4,278,229	$ 4,899,015	$ 5,137,461	$ 5,798,301	$ 6,321,145	$ 6,718,608
District's Proportionate Share of NPL ‹% of Covered Employee Payroll	**108.39%**	**132.66%**	**257.19%**	**187.21%**	**200.15%**	**209.99%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

STRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
District's Proportion of Net Pension Liability	0.04806%	0.04852%	0.03472%	0.04700%	0.04700%	0.05000%
District's Proportionate Share of Net Pension Liability	$ 28,085,000	$ 32,668,000	$ 28,085,000	$ 43,465,130	$43,196,290	$ 45,158,000
State's Proportionate Share of Net Pension Liability Associated with the District	16,958,846	17,277,779	15,988,229	25,713,536	24,732,036	24,636,850
Total	$ 45,043,846	$ 49,945,779	$ 44,073,229	$ 69,178,666	$67,928,326	$ 69,794,850
% of Covered Employee Payroll						
District's Covered Payroll	$ 20,530,242	$ 22,522,331	$ 22,911,137	$ 24,820,994	$25,194,588	$ 26,785,399
District's Proportionate Share of NPL as a % of Covered Payroll	**136.80%**	**145.05%**	**122.58%**	**175.11%**	**171.45%**	**168.59%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
This schedule presents information on the District’s portion of the net pension liability of PERS and STRS in compliance with GASB 68.

Menlo Park City School District

Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	**2018**	**2019**	**2020**
Actuarially determined contribution (ADC)	$ 811,618	$ 817,530	$ 799,486
Less: actual contribution in relation to ADC	(653,622)	(574,459)	(517,221)
Contribution deficiency (excess)	$ 157,996	$ 243,071	$ 282,265
Covered employee payroll	$ 32,284,843	$ 33,172,676	$ 34,084,925
Contrib. as a % of covered employee payroll	2.02%	1.73%	1.52%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry-Age
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.00%
Mortality	2009 CalSTRS and 2014 CalPERS Misc
Retirement	2009 CalSTRS Hired < 2013 2009 CalPERS Hired > 2013 2009 CalPERS 2%@60

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rate increased from 4% to 7% and the trend rate increased from 3% to 4% from 2019 to 2020

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions were not based on a measure of pay.

Menlo Park City School District

Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ended	2018	2019	2020
Total OPEB liability			
Service cost	$ 204,195	$ 209,810	$ 215,580
Interest	546,071	444,712	586,392
Benefit payments	(462,217)	(457,839)	(504,122)
Net change in Total OPEB Liability	288,049	196,683	33,632
Total OPEB Liability - beginning	7,932,834	8,220,883	8,417,566
Total OPEB Liability - ending	$ 8,220,883	$ 8,417,566	$ 8,451,198
Plan fiduciary net position			
Employer contributions	$ 595,824	$ 653,622	$ 504,122
Net investment income	155,019	143,926	132,633
Benefit payments	(462,217)	(457,839)	(504,122)
Administrative expense	(1,326)	(1,622)	(458)
Net change in plan fiduciary net position	287,300	338,087	132,175
Plan fiduciary net position - beginning	1,512,580	1,799,880	2,137,967
Plan fiduciary net position - ending	$ 1,799,880	$ 2,137,967	$ 2,270,142
Net OPEB liability (asset)	$ 6,421,003	6,279,599	6,181,056
Plan fiduciary net position as a percentage of the total OPEB liability	21.89%	25.40%	26.86%
Covered Employee Payroll	$ 31,420,772	$ 32,284,843	$ 33,172,676
Net OPEB liability as a percentage of covered employee payroll	20.44%	19.45%	18.63%
Total OPEB liability as a percentage of covered employee payroll	26.16%	26.07%	25.48%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available

There were no changes in benefit terms.

The discount rate increased from 4% to 7% and the trend rate increased from 3% to 4% from 2019 to 2020

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SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds
Combining Schedules

Menlo Park City School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds	Capital Projects Funds				
	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Assets						
Cash and investments	$ 7,362	$ 25,395	$ 2,522,319	$ -	$ 156,536	$ 2,711,612
Accounts receivable	53,112	133	23,279	-	664	77,188
Total Assets	$ 60,474	$ 25,528	$ 2,545,598	$ -	$ 157,200	$ 2,788,800
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 27,680	$ 709	$ 27,009	$ -	$ -	$ 55,398
Due to other funds	15,675	-	-	-	-	15,675
Total Liabilities	43,355	709	27,009	-	-	71,073
Fund balances:						
Restricted for:						
Cafeteria programs	17,119	-	-	-	-	17,119
Assigned for:						
Capital projects	-	24,819	2,518,589	-	157,200	2,700,608
Total Fund Balances	17,119	24,819	2,518,589	-	157,200	2,717,727
Total Liabilities and Fund Balances	$ 60,474	$ 25,528	$ 2,545,598	$ -	$ 157,200	$ 2,788,800

Menlo Park City School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds				
	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Revenues:						
Federal	$ 168,196	$ -	$ -	$ -	$ -	$ 168,196
Other state	12,304	-	-	-	-	12,304
Other local	249,683	2,471	1,183,837	-	4,287	1,440,278
Total revenues	430,183	2,471	1,183,837	-	4,287	1,620,778
Expenditures:						
Pupil services:						
Food services	398,533	-	-	-	-	398,533
General administration:						
All other general administration	15,555	323,241	-	-	-	338,796
Plant services	-	-	81,357	-	4,275	85,632
Facilities acquisition and construction	-	264,436	-	-	272,597	537,033
Total expenditures	414,088	587,677	81,357	-	276,872	1,359,994
Excess (deficiency) of revenues over (under) expenditures	16,095	(585,206)	1,102,480	-	(272,585)	260,784
Other financing sources (uses):						
Transfers in	-	159	-	-	-	159
Transfers out	-	-	-	(159)	-	(159)
Long-term debt defeasance	-	(44,798,708)	-	-	-	(44,798,708)
Long-term debt issuance	-	45,121,949	-	-	-	45,121,949
Total other financing sources (uses)	-	323,400	-	(159)	-	323,241
Changes in fund balances	16,095	(261,806)	1,102,480	(159)	(272,585)	584,025
Fund balances beginning	1,024	286,625	1,416,109	159	429,785	2,133,702
Fund balances ending	$ 17,119	$ 24,819	$ 2,518,589	$ -	$ 157,200	$ 2,717,727

STATE AND FEDERAL AWARD COMPLIANCE SECTION

Menlo Park City School District
Organization (Unaudited)
June 30, 2020

The Menlo Park City School District, a political subdivision of the State of California, was established in 1880, and is comprised of an area of approximately 5.7 square miles in San Mateo County. There were no changes in the District's boundaries in the current year. The District currently is operating three elementary schools and one intermediate school.

The Board of Education for the fiscal year ended June 30, 2020, was comprised of the following members:

Governing Board

Member	Office	Term Expires
Stacey Jones	President	2022
Sherwin Chen	Vice President	2022
David Ackerman	Director	2020
Scott Saywell	Director	2022
Mark Box	Director	2020

Administration

Name	Position
Mr. Erik Burmeister	Superintendent
Marites Fermin	Chief Business and Operations Officer

Menlo Park City School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2020

	Total ADA		Classroom Based	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades TK/K through three	1,280.56	1,280.51	1,280.56	1,280.51
Grades four through six	940.37	940.41	940.37	940.41
Grades seven and eight	615.26	615.27	615.26	615.27
Regular ADA Totals	2,836.19	2,836.19	2,836.19	2,836.19
Extended year Special educationL				
Grades TK/K through three	1.68	1.68	1.68	1.68
Grades four through six	1.80	1.80	1.80	1.80
Grades seven and eight	0.72	0.72	0.72	0.72
Special education - nonpublic, nonsect schools:				
Grades seven and eight	1.00	1.00	1.00	1.00
ADA Totals	2,841.39	2,841.39	2,841.39	2,841.39

On March 16, 2020, the California Legislature passed and, on March 17, 2020, Governor Newsom signed, Senate Bill (SB) 117. This bill is a companion to Governor Newsom's Executive Order N-26-20 and mitigates the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provides that the ADA used for both the second period (P-2) and the Annual period apportionment includes all full school months from July 1, 2019 to February 29, 2020 for all local educational agencies (LEAs).

Menlo Park City School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2020

Grade Level	Minutes Requirements	2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	56,095	180	0	In Compliance
Grade 1	50,400	56,095	180	0	In Compliance
Grade 2	50,400	56,095	180	0	In Compliance
Grade 3	50,400	58,460	180	0	In Compliance
Grade 4	54,000	58,460	180	0	In Compliance
Grade 5	54,000	58,460	180	0	In Compliance
Grade 6	54,000	56,001	180	0	In Compliance
Grade 7	54,000	56,001	180	0	In Compliance
Grade 8	54,000	56,001	180	0	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has not met or exceeded its target funding.

(1) On March 13, 2020, the California Governor issued an Executive Order regarding the physical closure of schools by local educational agencies (LEAs) in response to the COVID-19 pandemic. Executive Order N-26-20 established a streamlined process for school closures (COVID-19 School Closure Certification) in lieu of the existing process for submitting Requests for Allowance of Attendance Due to Emergency Conditions (Form J-13A).

The purpose of this schedule is to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit. There were no charter schools to be reported.

Menlo Park City School District

Schedule of Financial Trends and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

	(Budget) 2021	2020	2019	2018
General Fund				
Revenues and other financial sources	$ 57,062,186	$ 56,802,415	$ 53,372,103	$ 49,868,617
Expenditures	59,006,865	56,742,516	52,291,170	49,050,812
Other uses and transfers (out)	-	-	-	198,000
Total outgo	59,006,865	56,742,516	52,291,170	49,248,812
Change in fund balance	(1,944,679)	59,899	1,080,933	619,805
Ending fund balance	$ 13,774,918	$ 15,719,597	$ 15,659,698	$ 14,578,765
Available reserves [(2)]	$ 10,166,812	$ 12,097,544	$ 11,949,312	$ 9,575,966
Designated for economic uncertainty	$ 10,166,812	$ 12,097,544	$ 11,949,312	$ 8,564,070
Unassigned fund balance	$ -	$ -	$ -	$ -
Available reserves as a percentage of total outgo	17%	21%	23%	19%
Total long-term debt	$ 206,719,843	$ 210,657,924	$ 203,945,333	$ 204,896,442
Average daily attendance at P-2	2,831	2,841	2,828	2,871

Average daily attendance has decreased by 30 over the past three years. The district anticipates a decrease of 10 ADA for 2021.

The general fund balance has increased by $1,140,832 over the past three years and operated at a surplus in two out of the last three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $5,761,482 over the past three years.

[(1)] Budget numbers are based on the first adopted budget of the fiscal year 2020/21.

[(2)] Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

Menlo Park City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Program Name	Federal Catalog Number		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
Special Education Cluster				
IDEA Basic Local Assistance	84.027	[1]	13379	$ 459,095
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	[1]	10115	19,316
IDEA Preschool Grants	84.173	[1]	13430	8,035
IDEA Preschool Local Entitlement	84.027A	[1]	13682	37,819
Total Special Education Cluster				524,265
Title I, Part A, Basic Grants Low-Income & Neglected	84.010		14329	55,187
Title II: Improving Teacher Quality	84.367		14341	32,830
NCLB (ESEA): Title III, Immigration Education Program	84.365		15146	12,301
ESEA (ESSA) : Title III, English Learner Student Program	84.365		14346	32,484
TOTAL U.S. DEPARTMENT OF EDUCATION				657,067
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition: School Programs	10.555		13524	168,196
TOTAL U.S. DEPARTMENT OF AGRICULTURE				168,196
TOTAL FEDERAL PROGRAMS				$ 825,263

[1] Audited as major program

There were no passthroughs to subrecipients
Coronavirus Relief Fund (CRF): Learning Loss Mitigation expenditures to be reported in FY 2021 total $98,564

Menlo Park City School District
Reconciliation of Annual Financial and Budget Report (SACS)
to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2020

	General Fund	Deferred Maintenance Fund	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2020 Annual Financial and Budget Report Fund Balances	$ 15,719,597	$ 663,742	$ 6,254,617	$ 2,717,727
Adjustments and Reclassifications:				
None	-	-	-	-
June 30, 2020 Audited Financial Statements Fund Balances	$ 15,719,597	$ 663,742	$ 6,254,617	$ 2,717,727

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and has not met is local control formula funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

D. 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.

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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

Board of Trustees
Menlo Park City School District
Menlo Park, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Menlo Park City School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 results 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.

C & A LLP

November 8, 2020
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Menlo Park City School District
Menlo Park, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The District's internal control over compliance.

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

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

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

C & A LLP

November 8, 2020
San Jose, California

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Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Menlo Park City School District
Menlo Park, California

Compliance

We have audited the Menlo Park City School District (the District)'s compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes

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Description	Procedures Performed
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

Opinion

In our opinion, Menlo Park City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2020.

C & A LLP

November 8, 2020
San Jose, California

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FINDINGS AND RECOMMENDATIONS

Menlo Park City School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ None Reported
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	___ Yes _x_ No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027	IDEA Basic Local Assistance
84.027	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619
84.173	IDEA Preschool Grants
84.027A	IDEA Preschool Local Entitlement

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	_x_ Yes ___ No

State Awards

Internal control over state programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

Finding 2019-001: Comprehensive School Safety Plan (40000)

Criteria or Specific Requirements: Pursuant to Education Code Section 32288, prior to adopting its comprehensive school safety plan, the school site council or school safety planning committee shall hold a public meeting at the school site in order to allow members of the public the opportunity to express an opinion about the school safety plan. The school site council or school safety planning committee shall notify, in writing, the following persons and entities, if available, of the public meeting: local mayor, representative of the local school employee organization, representative of each parent organization at the school site, representative of each teacher organization at the school site, representative of the student body government, and all persons who have indicated they want to be notified.

Condition: During testing of the District's comprehensive school safety plans, we noted that the school safety plans for Hillview Middle School did not have evidence of having been properly adopted by the school site council or school safety planning committee, as required by education code 32288.

Questioned Costs: None.

Effect: The District was not in compliance with the Education Code Section 32288.

Cause: The District was not aware of the timing requirements of the Comprehensive School Safety Plan.

Recommendation: We recommend that the District review the requirements of Education Code 32288. We also recommend that the District review the California Department of Education mandates related to this Education Code, by following their checklist for developing a comprehensive school safety plan, which includes the mandate for the plan to be reviewed, updated, and approved by March 1st each year.

Corrective Action Plan: The District agrees with this recommendation and will be more diligent about following the CDE-developed checklist for reviewing, updating and approving the safety plan.

Status: Implemented.