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**LINCOLN UNIFIED SCHOOL DISTRICT
OF SAN JOAQUIN COUNTY
STOCKTON, CALIFORNIA**

JUNE 30, 2021

LINCOLN UNIFIED SCHOOL DISTRICT
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JUNE 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Lincoln Unified School District
Stockton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, each major fund, and the aggregate remaining fund information of the Lincoln Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for a change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, Schedule of Changes in the Net OPEB liability and Related Ratios, Schedule of Contributions – OPEB, Schedule of the Proportionate Share of the Net OPEB liability – MPP Program, Schedule of the Proportionate Share of the Net Pension Liability, and Schedule of Contributions – Pensions, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022 on our consideration of the Lincoln Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Lincoln Unified School District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
January 6, 2022

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section of Lincoln Unified School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary and fiduciary. The District does not have any business type activities.

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

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

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

The Primary unit of government is the Lincoln Unified School District. The Community Facility District No. 1 is a component unit of the District. Separate financial statements for the Community Facilities District No. 1 are not prepared.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

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

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

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds – When the District charges users for the service it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenue, Expenses and Changes in Fund Net Position*. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities – such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the Statement 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.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was (\$12.31 million) and (\$19.26 million) for the fiscal years ended June 30, 2021 and 2020, respectively. Our analysis below focuses on the net position; and the changes in net position; of the District's governmental activities. The increase in long-term obligations and deferred outflows of resources is directly related to GASB statement No. 75 related to the net OPEB liability and GASB Statement No. 68 related to pensions.

	Governmental Activities		
	2021	2020	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 69,553,659	\$ 57,534,688	\$ 12,018,971
Capital assets	147,284,179	151,909,322	(4,625,143)
Deferred outflows	34,327,741	32,586,564	1,741,177
Total Assets and Deferred Outflows	251,165,579	242,030,574	9,135,005
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	12,594,128	17,207,397	(4,613,269)
Long-term liabilities	247,067,714	236,763,911	10,303,803
Deferred inflows	3,818,083	7,319,495	(3,501,412)
Total Liabilities and Deferred Inflows	263,479,925	261,290,803	2,189,122
NET POSITION			
Net investment in capital assets	24,375,879	24,866,197	(490,318)
Restricted	23,235,887	18,136,576	5,099,311
Unrestricted	(59,926,112)	(62,263,002)	2,336,890
Total Net Position	\$ (12,314,346)	\$ (19,260,229)	\$ 6,945,883

The (\$59.93 million) as of June 30, 2021 in unrestricted net position of government activities represents the accumulated results of all past years' operations. The June 30, 2021 unrestricted net position increased by \$2.34 million as compared to June 30, 2020.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Changes in Net Position

The results of the 2020-21 operations for the District as a whole are reported in the *Statement of Activities* on page 17. Net position increased by \$6.43 million due to operating activities.

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 63,287	\$ 728,663	\$ (665,376)
Operating grants and contributions	38,741,317	20,853,859	17,887,458
Capital grants and contributions	4,600,950	945,963	3,654,987
General revenues			
Property taxes	26,627,712	25,366,022	1,261,690
Unrestricted federal and state aid	76,318,090	78,812,777	(2,494,687)
Other	1,252,797	1,813,662	(560,865)
Total Revenues	147,604,153	128,520,946	19,083,207
EXPENSES			
Instruction	79,827,523	70,663,894	9,163,629
Instruction-related services	10,679,333	10,265,949	413,384
Pupil services	13,386,540	13,482,738	(96,198)
General administration	6,912,514	7,240,402	(327,888)
Plant services	12,671,018	12,038,089	632,929
Ancillary services	531,040	736,872	(205,832)
Community services	7,504	59,903	(52,399)
Enterprise services	-	748,675	(748,675)
Interest and other charges	5,246,666	5,493,805	(247,139)
Other outgo	3,048,809	2,640,074	408,735
Depreciation (Unallocated)	8,858,368	8,527,281	331,087
Total Expenses	141,169,315	131,897,682	8,778,950
Change in net position	6,434,838	(3,376,736)	9,811,574
Net Position - Beginning	(19,260,229)	(15,883,493)	(3,376,736)
Prior Period Adjustment (See Note 15)	511,045	-	511,045
Net Position - Ending	\$ (12,314,346)	\$ (19,260,229)	\$ 6,945,883

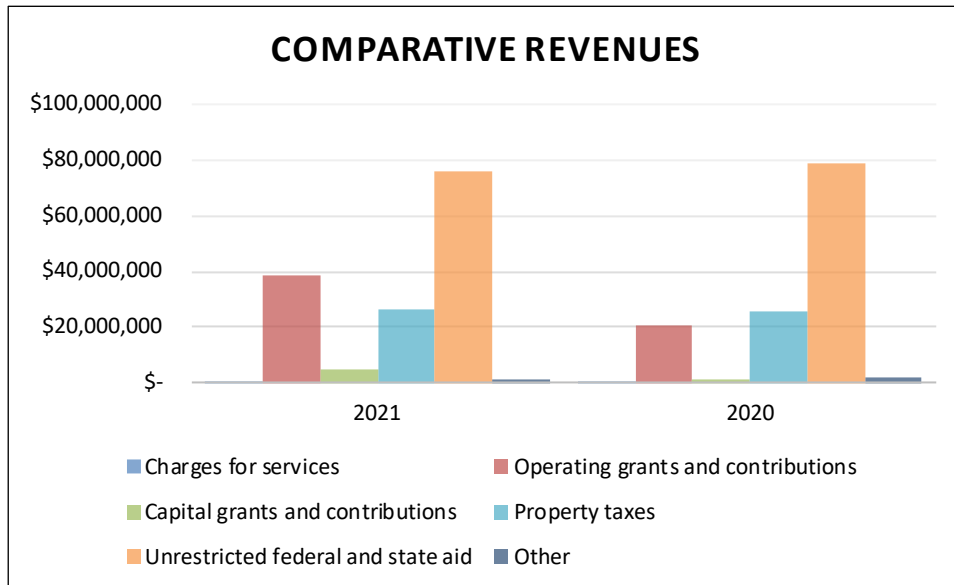
Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities for the years ended June 30, 2021 and 2020 were \$141.17 million and \$131.90 million, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$26.63 million and \$25.37 million, respectively, because the cost was paid by those who benefited from the programs (\$0.06 and \$0.73 million, respectively) or by other governments and organizations who subsidized certain programs with grants and contributions (\$43.30 million and \$21.80 million respectively). We paid for the remaining "public benefit" portions of our governmental activities with \$76.32 and \$78.81 million, respectively, from other Federal and State sources, and with other revenues, like interest and general entitlements of \$1.25 and \$1.81 million, respectively.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Schedule of Revenues for Governmental Functions

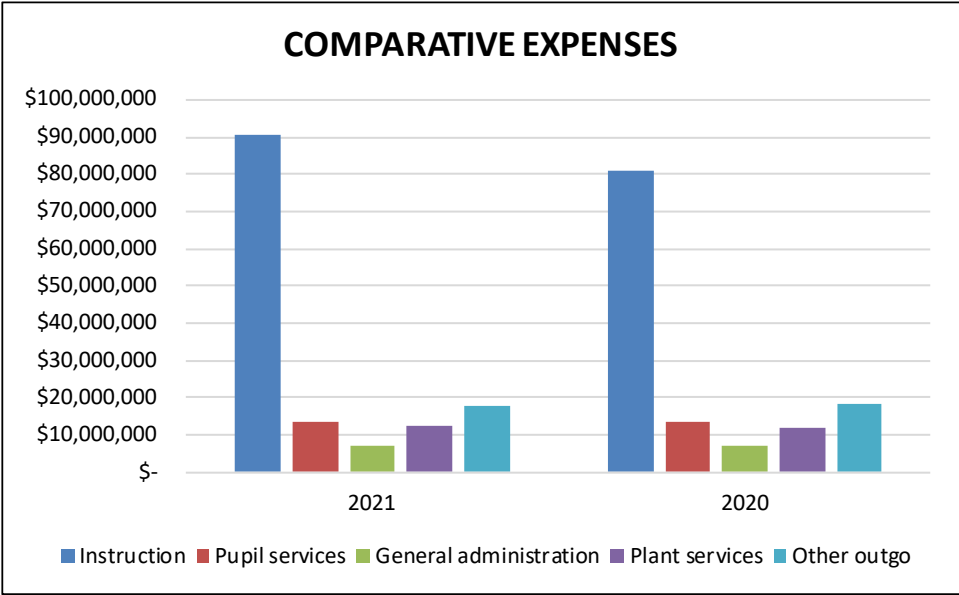
REVENUES	Percent of		Percent of	
	2021	Total	2020	Total
Program revenues				
Charges for services	\$ 63,287	0.04%	\$ 728,663	0.57%
Operating grants and contributions	38,741,317	26.25%	20,853,859	16.23%
Capital grants and contributions	4,600,950	3.12%	945,963	0.74%
General revenues				
Property taxes	26,627,712	18.04%	25,366,022	19.74%
Unrestricted federal and state aid	76,318,090	51.70%	78,812,777	61.32%
Other	1,252,797	0.85%	1,813,662	1.41%
Total Revenues	\$ 147,604,153	100.00%	\$ 128,520,946	100.00%



**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Schedule of Expenses for Governmental Functions

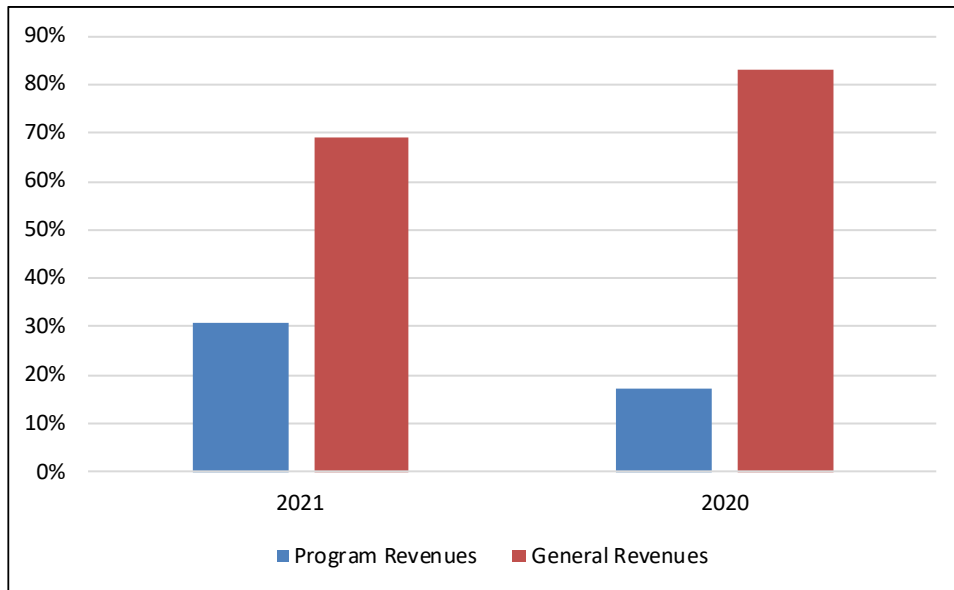
EXPENSES	Percent of		Percent of	
	2021	Total	2020	Total
Instruction	\$ 90,506,856	64.11%	\$ 80,929,843	61.36%
Pupil services	13,386,540	9.48%	13,482,738	10.22%
General administration	6,912,514	4.90%	7,240,402	5.49%
Plant services	12,671,018	8.98%	12,038,089	9.13%
Other outgo	17,692,387	12.53%	18,206,610	13.80%
Total Expenses	\$ 141,169,315	100.00%	\$ 131,897,682	100.00%



**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

We have presented the net cost (total cost less revenues generated by the activities) of each of the District's five largest functions – instruction and instruction related, student support services, administration, maintenance and operations, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	\$ 90,506,856	\$ 80,929,843	\$ 55,311,671	\$ 65,447,631
Pupil services	13,386,540	13,482,738	7,904,630	8,298,852
General administration	6,912,514	7,240,402	5,775,008	6,545,519
Plant services	12,671,018	12,038,089	12,180,160	12,028,180
Other outgo	17,692,387	18,206,610	16,592,292	17,049,015
Total	\$ 141,169,315	\$ 131,897,682	97,763,761	109,369,197



Program revenues financed approximately 31 percent of the total cost of providing the services listed above, while the remaining 69 percent was financed by the general revenues of the District.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

THE DISTRICT'S FUNDS

As the District completed the years ended June 30, 2021 and 2020, our governmental funds and proprietary reported a combined fund balance of \$64,609,006 and \$48,180,991 respectively. This is an increase of \$16,428,015 from the prior year.

	Balances and Activity			
	July 01, 2020	Revenues	Expenditures	June 30, 2021
GOVERNMENTAL FUNDS				
General*	\$ 28,986,721	\$ 119,120,299	\$ 105,956,537	\$ 42,150,483
Student Activity Fund	511,045	16,735	115,884	411,896
Adult Education Fund	-	135,429	135,429	-
Deferred Maintenance	4,422,350	1,209,834	1,229,937	4,402,247
Charter	1,022,972	4,584,132	4,309,112	1,297,992
Child Development	952,082	2,338,405	2,545,651	744,836
Cafeteria	792,222	2,533,935	2,483,946	842,211
Capital Facilities	251,688	11,831	193,399	70,120
County School Facilities Fund	995,638	4,600,950	-	5,596,588
Special Reserve for Capital Outlay Projects	598,092	3,373	271,119	330,346
Capital Project for Blended Component Units	1,447,177	976,323	1,819,744	603,756
Bond Interest and Redemption	5,406,278	6,280,102	5,953,205	5,733,175
Debt Service for Blended Component Units	2,465,055	2,771,843	3,161,838	2,075,060
Total	\$ 47,851,320	\$ 144,583,191	\$ 128,175,801	\$ 64,258,710
PROPRIETARY FUNDS				
Self-Insurance Fund	\$ 329,671	\$ 920,518	\$ 899,893	\$ 350,296

**The General Fund includes the financial activities of the Special Reserve Fund for Postemployment Benefits*

General Fund Budgetary Highlights

Throughout the year, the District revised its budget to accommodate unexpected changes in revenues and expenditures. The final revision of the 2020-21 budgets was completed June 30, 2021. A schedule showing the District's original and final budget figures compared with amounts actually paid and received is provided in our annual report on page 76.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021 and 2020, the District had \$147.28 and \$151.91 million, respectively, in a broad range of capital assets net of accumulated depreciation, including land, buildings, furniture and equipment. For 2021 this represents a net decrease (including additions, deductions and depreciation) of \$4.63 million, from the prior year.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 18,141,034	\$ 18,141,034	\$ -
Construction in progress	419,628	4,215,464	(3,795,836)
Buildings & improvements	210,295,586	204,648,268	5,647,318
Land improvements	28,375,237	26,217,808	2,157,429
Furniture & equipment	7,423,502	7,210,793	212,709
Accumulated depreciation	(117,370,808)	(108,524,045)	(8,846,763)
Total Capital Assets	\$ 147,284,179	\$ 151,909,322	\$ (4,625,143)

Long-Term Obligations

At June 30, 2021 and 2020, the District had \$117.03 million and \$121.52 million, respectively, in bonds and other debt outstanding. The bonds were issued for construction projects. Long-term debt obligations consisted of:

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	\$ 69,631,518	\$ 72,869,509	\$ (3,237,991)
Community facilities district bonds	17,166,568	18,856,568	(1,690,000)
Bond premiums net of amortization	4,744,577	5,208,444	(463,867)
Accreted interest on bonds	22,352,879	20,397,504	1,955,375
Certificates of participation	8,635,000	9,150,000	(515,000)
Other	706,329	865,741	(159,412)
Less: current portion of long-term debt	(6,204,335)	(5,825,324)	(379,011)
Total Long-term Liabilities	\$ 117,032,536	\$ 121,522,442	\$ (4,489,906)

Other obligations include compensated absences payable and qualified zone academy bonds.

We present more detailed information regarding our long-term obligations in Note 8 to the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-20 ARE NOTED BELOW:

Lincoln Unified School District has successfully implements another year of our Local Control and Accountability Plan (LCAP) which was originally adopted in June 2017. We met many time with stakeholders and developed a comprehensive plan what was revised annually. Factors bearing on the district will continue to be enrollment and student attendance, which is key to the District's financial projections. The District has declined in recent years and this trend has continued. In addition, the increase to employer contribution to CalSTRS and CalPERS has continued and is an area of concern. The District has continued to budget for the implementation of 1:1 technology for grades TK-12.

A world pandemic struck in March 2020 and our schools were closed and moved to distance learning. We immediately deployed 1:1 devices to our TK-12 students and mifi's to those who needed internet connection. We developed plans and began preparing safety measure for our students and staff to return to in-person instruction.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET ASSUMPTIONS

The District used the following assumptions in constructing the 2021/22 fiscal budget. The information provides below is current as of July 1, 2021.

Local Control Funding Formula (LCFF)

The LCFF provides base, supplemental and concentrating grants in place of funding sources including revenue limit and most state categorical programs. As part of the LCFF, the district develops adopts and annually updates a three-year Local Control and Accountability Plan (LCAP) using a template adopted by the California State Board of Education. Due to projected state cuts the district planned for a significant cut to our LCFF.

Key assumptions:

- The local control funding formula (LCFF) and COLA generated an increase of \$4,259,268 in revenues for the 2021-22 fiscal year based on the Governor's May Revision.
- Decrease of 7.7 FTE due to decline in enrollment. Our P2 ADA is currently down 366.84, which is a decrease of -3,989,000 in 2022-23 due to the state's one-year hold harmless provision.
- Salary projections include step and column increases.
- State unemployment increase from .05% to 1.23%.
- The STRS rate increase from 16.15% to 16.92 %, and PERS rate increase from 20.7% to 22.91%.
- Special Education costs increased due to additional required SJCOE SELPA programs and FTE for Program Specialist, step and column and transportation.
- The reserve for economic uncertainties has been maintained at 3.2%.

At budget adoption, we did not have a state account code to include the new one- time funding for ESSER III of \$16,503,119.

**LINCOLN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's Finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Associate Superintendent, Business Services, Rebecca Hall, at Lincoln Unified School District, 2010 W. Swain Road, Stockton, California, 95207 or email at rhall@lUSD.net.

LINCOLN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 56,337,961
Accounts receivable	12,662,100
Inventory	553,598
Capital assets, not depreciated	18,560,662
Capital assets, net of accumulated depreciation	128,723,517
Total Assets	216,837,838
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to refunding	192,250
Deferred outflows related to OPEB	1,751,464
Deferred outflows related to pensions	32,384,027
Total Deferred Outflows of Resources	34,327,741
LIABILITIES	
Accrued liabilities	4,059,108
Unearned revenue	885,545
Interest payable	1,445,140
Long-term liabilities, current portion	6,204,335
Net pension liability	117,400,852
Net OPEB liability	12,634,326
Long-term liabilities, non-current portion	117,032,536
Total Liabilities	259,661,842
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,818,083
Total Deferred Inflows of Resources	3,818,083
NET POSITION	
Net investment in capital assets	24,375,879
Restricted:	
Capital projects	6,600,810
Debt service	7,808,235
Educational programs	8,367,770
Other	459,072
Unrestricted	(59,926,112)
Total Net Position	\$ (12,314,346)

**LINCOLN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues			Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 79,827,523	\$ 12,314	\$ 28,516,703	\$ 4,600,950	\$ (46,697,556)
Instruction-related services					
Instructional supervision and administration	1,696,506	555	605,718	-	(1,090,233)
Instructional library, media, and technology	1,220,076	-	121,513	-	(1,098,563)
School site administration	7,762,751	293	1,337,139	-	(6,425,319)
Pupil services					
Home-to-school transportation	1,311,977	-	117,664	-	(1,194,313)
Food services	3,302,179	7,035	2,717,180	-	(577,964)
All other pupil services	8,772,384	6	2,640,025	-	(6,132,353)
General administration					
Centralized data processing	2,065,738	-	1,187	-	(2,064,551)
All other general administration	4,846,776	569	1,135,750	-	(3,710,457)
Plant services	12,671,018	154	490,704	-	(12,180,160)
Ancillary services	531,040	883	47,892	-	(482,265)
Community services	7,504	-	-	-	(7,504)
Interest on long-term debt	5,246,666	-	-	-	(5,246,666)
Other outgo	3,048,809	41,478	1,009,842	-	(1,997,489)
Depreciation (unallocated)	8,858,368	-	-	-	(8,858,368)
Total Governmental Activities	\$ 141,169,315	\$ 63,287	\$ 38,741,317	\$ 4,600,950	(97,763,761)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					16,732,167
Property taxes, levied for debt service					6,134,109
Property taxes, levied for other specific purposes					3,761,436
Federal and state aid not restricted for specific purposes					76,318,090
Interest and investment earnings					182,707
Miscellaneous					1,070,090
Subtotal, General Revenue					104,198,599
Change in Net Position					6,434,838
Net Position - Beginning					(19,260,229)
Prior Period Adjustment (See Note 15)					511,045
Net Position - Ending					\$ (12,314,346)

**LINCOLN UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
JUNE 30, 2021**

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 35,299,430	\$ 838,656	\$ 19,931,821	\$ 56,069,907
Accounts receivable	10,792,171	1,062,677	807,010	12,661,858
Due from other funds	891,249	85,889	501,080	1,478,218
Stores inventory	170,459	-	383,139	553,598
Total Assets	47,153,309	1,987,222	21,623,050	70,763,581
LIABILITIES				
Accounts Payable	3,533,310	17,779	483,019	4,034,108
Due to other funds	693,969	671,451	219,798	1,585,218
Unearned revenue	775,547	-	109,998	885,545
Total Liabilities	5,002,826	689,230	812,815	6,504,871
FUND BALANCES				
Nonspendable	185,459	-	383,139	568,598
Restricted				
Educational programs	7,325,511	297,423	744,836	8,367,770
Capital projects	-	-	6,600,810	6,600,810
Debt service	-	-	7,808,235	7,808,235
Child nutrition	-	-	870,968	870,968
Assigned				
OPEB (Fund 20)	5,549,449	-	-	5,549,449
Other assignments	-	1,000,569	4,402,247	5,402,816
Unassigned	6,175,064	-	-	6,175,064
Total Fund Balances	42,150,483	1,297,992	20,810,235	64,258,710
Total Liabilities and Fund Balances	\$ 47,153,309	\$ 1,987,222	\$ 21,623,050	\$ 70,763,581

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 64,258,710

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

Capital assets:

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

Capital assets	\$ 264,654,987	
Accumulated depreciation	(117,370,808)	147,284,179

Unmatured interest on long-term debt:

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

(1,445,140)

Long-term liabilities:

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

Long-term liabilities relating to governmental activities consist of:

Net pension liability	\$ 117,400,852	
Net OPEB liability	12,634,326	
General obligation bonds	69,631,518	
Bond premium net of amortization	4,744,577	
Accreted interest on bonds	22,352,879	
Community facilities bonds	17,166,568	
Certificates of participation	8,635,000	
Qualified zone academy bond	377,758	
Compensated absences	328,571	(253,272,049)

Deferred outflows of resources relating to bond refunding:

In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refunding resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as a deferred outflow

192,250

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources relating to pensions:	\$ 32,384,027	
Deferred inflows of resources relating to pensions:	(3,818,083)	28,565,944

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):

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

Deferred outflows of resources relating to OPEB 1,751,464

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

350,296

Total Net Position - Governmental Activities

\$ (12,314,346)

**LINCOLN UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 86,623,576	\$ 3,730,827	\$ 690,424	\$ 91,044,827
Federal sources	13,112,574	184,607	1,830,184	15,127,365
Other state sources	15,617,665	590,356	6,559,284	22,767,305
Other local sources	3,766,484	9,014	10,587,432	14,362,930
Total Revenues	119,120,299	4,514,804	19,667,324	143,302,427
EXPENDITURES				
Current				
Instruction	65,691,139	2,701,275	1,965,413	70,357,827
Instruction-related services				
Instructional supervision and administration	1,162,023	879	320,606	1,483,508
Instructional library, media, and technology	1,026,621	62,293	-	1,088,914
School site administration	6,169,479	491,351	133,091	6,793,921
Pupil services				
Home-to-school transportation	1,184,544	-	-	1,184,544
Food services	786,833	566	2,359,486	3,146,885
All other pupil services	7,647,845	68,087	-	7,715,932
General administration				
Centralized data processing	1,904,846	-	-	1,904,846
All other general administration	3,422,482	674,718	246,273	4,343,473
Plant services	11,620,892	226,582	40,810	11,888,284
Facilities acquisition and maintenance	851,967	83,361	3,309,098	4,244,426
Transfers to other agencies	1,963,591	-	-	1,963,591
Debt service				
Principal	-	-	5,626,333	5,626,333
Interest and other	-	-	3,683,158	3,683,158
Total Expenditures	103,865,671	4,309,112	17,800,152	125,974,935
Excess (Deficiency) of Revenues Over Expenditures	15,254,628	205,692	1,867,172	17,327,492
Other Financing Sources (Uses)				
Transfers in	-	69,328	1,211,436	1,280,764
Transfers out	(2,090,866)	-	(110,000)	(2,200,866)
Net Financing Sources (Uses)	(2,090,866)	69,328	1,101,436	(920,102)
NET CHANGE IN FUND BALANCE	13,163,762	275,020	2,968,608	16,407,390
Fund Balance - Beginning	28,986,721	1,022,972	17,330,582	47,340,275
Adjustment for restatement	-	-	511,045	511,045
Fund Balance - Ending	\$ 42,150,483	\$ 1,297,992	\$ 20,810,235	\$ 64,258,710

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 16,407,390

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 4,221,620	
Depreciation expense:	<u>(8,846,763)</u>	(4,625,143)

Debt service:

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

5,817,342

Unmatured interest on long-term debt:

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

72,191

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(2,146,384)

Compensated absences:

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

(23,930)

Pensions:

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

(8,475,507)

Postemployment benefits other than pensions (OPEB):

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

(931,422)

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amortization of debt issuance premium or discount:

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

463,867

Deferred Outflows:

In governmental funds, deferred outflows of resources are not recognized. In the government-wide statements, deferred outflows of resources are amortized over the shortened life of the refunded or refunding debt.

(144,191)

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

20,625

Change in Net Position of Governmental Activities

\$ 6,434,838

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Governmental Activities - Internal Service Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 268,054
Accounts receivable	242
Due from other funds	107,000
Total Assets	<u>375,296</u>
 LIABILITIES	
Accrued liabilities	<u>25,000</u>
Total Liabilities	<u>25,000</u>
 NET POSITION	
Unrestricted	<u>350,296</u>
Total Net Position	<u>\$ 350,296</u>

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Other local sources	\$ 416
Total Operating Revenues	<u>416</u>
OPERATING EXPENSES	
Other operating costs	<u>899,893</u>
Total Operating Expenses	<u>899,893</u>
Operating Income (Loss)	<u>(899,477)</u>
NONOPERATING REVENUES (EXPENSES)	
Transfers in	<u>920,102</u>
Total Nonoperating Revenues (Expenses)	<u>920,102</u>
Change in Net Position	<u>20,625</u>
Net Position - Beginning	<u>329,671</u>
Net Position - Ending	<u>\$ 350,296</u>

**LINCOLN UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash from other local revenue	\$ 1,217
Cash paid for operating expenses	(874,893)
Total Operating Activities	<u>(873,676)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers	<u>813,102</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(60,574)</u>
Cash and Cash Equivalents - Beginning of Year	<u>328,628</u>
Cash and Cash Equivalents - End of Year	<u>\$ 268,054</u>
RECONCILIATION OF OPERATING INCOME TO CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (899,477)
Changes in operating assets and liabilities:	
Accounts receivable	801
Accounts payable	<u>25,000</u>
Net cash and cash equivalents provided by operating activities	<u>\$ (873,676)</u>

**LINCOLN UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Scholarship Trust Fund
ASSETS	
Cash and cash equivalents	\$ 428,741
Total Assets	<u>428,741</u>
LIABILITIES	
Due to student groups and other agencies	<u>428,741</u>
Total Liabilities	<u>\$ 428,741</u>

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lincoln Unified School District was established on May 23, 1865 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through twelve as mandated by the State and/or Federal agencies. The District operates eight elementary, one middle school, one high school and one continuation schools.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District's component units include John McCandless Charter School. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District.

The District and Community Facilities District No. 1 ("CFD") have a financial and operational relationship which meets the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of CFD as a blended component unit of the District. Therefore, the financial activities of CFD have been included in the financial statements of the District. The following are those aspects of the relationship between the District and CFD which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100* criteria:

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Manifestations of Oversight

- CFD's Board of Directors were appointed by the District's Board of Trustees.
- CFD has no employees. The District's Superintendent functions as an agent of CFD. Neither individual received additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of CFD as it is anticipated that the District will be the sole lessee of all facilities owned by CFD.

Accounting for Fiscal Matters

- All major financing arrangements, contracts, and other transactions of CFD must have the consent of the District.
- Any deficits incurred by CFD will be reflected in the lease payments of the District. Any surpluses of CFD revert to the District at the end of the lease period.
- It is anticipated that the District's lease payments will be the sole revenue source of CFD.
- The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by CFD.

Scope of Public Service and Financial Presentation

- CFD was created for the sole purpose of financially assisting the District.
- CFD is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. CFD was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities. When CFD's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all CFD property will pass to the District for no additional consideration.
- CFD's financial activity is presented in the financial statements as the Building Fund. Certificates of Participation issued by CFD are included in the government-wide financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities

The District is associated with five public entity risk pools and one joint powers authorities. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

San Joaquin County Schools Workers' Compensation Insurance Group
San Joaquin County Schools Property and Liability Insurance Group
San Joaquin County Schools Data Processing Group
Schools Excess Liability Fund
Northern California Regional Liability Excess Fund
Central Valley Schools Health and Welfare Trust

Basis of Presentation

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

Governmental Funds

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Major Governmental Funds

General Fund: The General Fund is the chief operating fund for all Districts. It is used to account for the ordinary operations of a District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

Special Revenue Funds: The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities. The District maintains the following special revenue funds:

Deferred Maintenance Fund: The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Non-Major Governmental Funds

Special Revenue Funds: The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities. The District maintains the following special revenue funds:

Charter School Fund: This Special Revenues Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.

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

Child Development Fund: The Child Development Fund is used to account separately for federal, state, and local revenues to operate child development programs (Education Code Sections 8200 and 8328).

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

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

Capital Facilities Fund: The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

Capital Project Funds, continued

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

Special Reserve Capital Outlay Fund: The Special Reserve Fund was used to account for funds set up for Board designated construction projects.

Capital Project Fund for Blended Component Units: The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facility District and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds: The Debt Service Funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the payment of bonds issued for a District (Education Code Sections 15125-15262).

Debt Service Fund: The Debt Service Fund is used to account for debt service purposes of the Community Facilities District.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund: Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a property and liability self-insurance fund that is accounted for in an internal service fund.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Agency Fund: Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting – Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the 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 which 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 identified the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

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

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain gains, and other local sources. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2021, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid Expenditures

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

Store's Inventory

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by non-spendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Depreciation

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Deferred Outflows/Inflows of Resources

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

Pensions

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Balances (Due to/from)

In the financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance Reporting

The District reports fund balance within one of the following categories:

Non-spendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Governing Board (the district's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

Assigned Fund Balance Policy Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Reporting, continued

Minimum Fund Balance Policy The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

Order of Fund Balance Spending Policy For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balances amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balances for the non-general fund.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues include other local sources. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition such as interest revenue are reported as non-operating revenues and expenses.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

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

Estimates

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

Budgetary Data

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

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

Property Tax

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

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. The Statement is effective for periods beginning after December 15, 2019. The District has implemented GASB Statement No. 84 for the year ended June 30, 2021.

GASB 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. The Statement is effective for periods beginning after June 15, 2021.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

	Governmental Activities	Self-Insurance Fund	Fiduciary Funds
Cash in county treasury	\$ 55,909,300	\$ 268,054	\$ -
Cash on hand and in banks	413,026	-	428,741
Cash in revolving fund	15,000	-	-
Cash awaiting deposit	635	-	-
Total	\$ 56,337,961	\$ 268,054	\$ 428,741

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Policies and Practices

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

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

General Authorizations

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

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Joaquin County Investment Pool.

Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the San Joaquin 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.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Weighted Average Maturity

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

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Maturity</u>
San Joaquin County Investment Pool	\$ 55,909,300	0.81 years

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type. The District's investments in the county pool are not required to be rated, nor have they been rated as of June 30, 2021.

Custodial Credit Risk – Deposits

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$842,4026 and the bank balance was \$842,927. Of the bank balance, \$672,544 was insured by the FDIC, and \$170,3832 remained uninsured. Uninsured balances are fully collateralized by the banks in accordance with applicable laws

NOTE 3 – RECEIVABLES

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 18,141,034	\$ -	\$ -	\$ 18,141,034
Construction in progress	4,215,464	4,361,727	8,157,563	419,628
Total Capital Assets not Being Depreciated	<u>22,356,498</u>	<u>4,361,727</u>	<u>8,157,563</u>	<u>18,560,662</u>
Capital assets being depreciated				
Buildings and improvements	204,648,268	5,647,318	-	210,295,586
Land improvements	26,217,808	2,157,429	-	28,375,237
Furniture and equipment	7,210,793	234,962	22,253	7,423,502
Total Capital Assets Being Depreciated	<u>238,076,869</u>	<u>8,039,709</u>	<u>22,253</u>	<u>246,094,325</u>
Less Accumulated Depreciation				
Buildings and improvements	94,135,381	7,400,969	-	101,536,350
Land improvements	9,288,983	1,045,613	-	10,334,596
Furniture and equipment	5,099,681	411,786	11,605	5,499,862
Total Accumulated Depreciation	<u>108,524,045</u>	<u>8,858,368</u>	<u>11,605</u>	<u>117,370,808</u>
Capital Assets, net	<u>\$ 151,909,322</u>	<u>\$ 3,543,068</u>	<u>\$ 8,168,211</u>	<u>\$ 147,284,179</u>

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

Governmental Activities:

Unallocated	<u>\$ 8,858,368</u>
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**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances for the year ended June 30, 2021 consisted of the following:

Payable Fund	Receivable Fund				Total
	General Fund	Charter School Fund	Nonmajor Governmental Funds	Self Insurance Fund	
General Fund	\$ -	\$ 85,889	\$ 501,080	\$ 107,000	\$ 693,969
Charter School Fund	671,451	-	-	-	671,451
Nonmajor Governemntal Funds	219,798	-	-	-	219,798
Total	\$ 891,249	\$ 85,889	\$ 501,080	\$ 107,000	\$ 1,585,218

Operating Transfers

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

Transfer Out	Transfer In			Total
	Charter School Fund	Nonmajor Governmental Funds	Self Insurance Fund	
General Fund	\$ 69,328	\$ 1,101,436	\$ 920,102	\$ 2,090,866
Nonmajor Governmental Funds	-	110,000	-	110,000
Total	\$ 69,328	\$ 1,211,436	\$ 920,102	\$ 2,200,866

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Self-Insurance Fund	Total Governmental Funds
Apportionment	\$ 228,621	\$ 10,920	\$ -	\$ -	\$ 239,541
Salaries and benefits	846,866	2,812	12,710	-	862,388
Construction	-	-	282,778	-	282,778
Interest payable	-	-	-	-	-
Vendors payable	2,457,823	4,047	187,531	25,000	2,674,401
Total	\$ 3,533,310	\$ 17,779	\$ 483,019	\$ 25,000	\$ 4,059,108

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal sources	\$ 74,525	\$ -	\$ 74,525
State categorical sources	701,022	109,998	811,020
Total	\$ 775,547	\$ 109,998	\$ 885,545

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS

Summary

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

	Balance			Balance		Due in
	July 01, 2020	Additions	Deductions	June 30, 2021	One Year	
Governmental Activities						
General obligation bonds	\$ 72,869,509	\$ -	\$ 3,237,991	\$ 69,631,518	\$ 3,556,663	
Unamortized premium	5,208,444	-	463,867	4,744,577	-	
Accreted interest	20,397,504	2,146,384	191,009	22,352,879	195,663	
Community facilities bonds	18,856,568	-	1,690,000	17,166,568	1,775,000	
Certificates of participation	9,150,000	-	515,000	8,635,000	490,000	
Qualified zone academy bond	561,100	-	183,342	377,758	187,009	
Compensated absences	304,641	23,930	-	328,571	-	
Total	\$ 127,347,766	\$ 2,170,314	\$ 6,281,209	\$ 123,236,871	\$ 6,204,335	

Payments on the general obligation bonds are made by the bond interest and redemption fund from local property tax revenues. Payments on the certificates of participation are made by the capital facilities fund. The compensated absences are paid for by the funds for which the employees worked.

General obligation bond

The outstanding general obligation bonded debt is as follows:

On February 16, 2005, the District issued General Obligation Bonds totaling \$29,999,379. These serial bonds with interest rates from 3.00% to 6.75% were scheduled to mature in varying amounts through August 2030. With the issuance of the 2013 Refunding Bonds, \$22,615,000 of the 2005 bonds outstanding at June 30, 2013 was considered defeased.

Year Ended	Principal	Interest	Accreted Interest	Total
June 30,				
2022	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027-2030	1,969,377	-	7,365,621	9,334,998
Accretion	3,894,799	-	(3,894,799)	-
Total	\$ 5,864,176	\$ -	\$ 3,470,822	\$ 9,334,998

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On October 25, 2006, the District issued General Obligation Bonds totaling \$12,863,292. These serial bonds with interest rates from 4.00% to 6.82% mature in varying amounts through August 2031.

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ -	\$ -	\$ -	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	480,769	-	669,231	1,150,000
2027-2031	3,456,575	-	6,518,425	9,975,000
2032	950,948	-	4,044,052	4,995,000
Accretion	5,511,774	-	(5,511,774)	-
Total	\$ 10,400,066	\$ -	\$ 5,719,934	\$ 16,120,000

On August 17, 2007, the District issued General Obligation Bonds totaling \$4,507,885. These serial bonds with interest rates from 3.95% to 5.72% mature in varying amounts through August 2032.

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ 117,025	\$ 37,800	\$ 53,988	\$ 208,813
2023	121,052	37,800	61,974	220,826
2024	124,312	37,800	70,345	232,457
2025	126,856	37,800	79,072	243,728
2026	128,966	37,800	88,017	254,783
2027-2031	671,740	189,000	671,739	1,532,479
2032-2033	1,328,850	75,600	1,328,850	2,733,300
Accretion	2,674,461	-	(2,674,461)	-
Total	\$ 5,293,262	\$ 453,600	\$ (320,477)	\$ 5,426,385

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On March 14, 2008, the District issued General Obligation Bonds totaling \$2,625,860. These serial bonds mature in varying amounts through February 2033 with interest rates from 5.75% to 6.30%. With this issuance, all Measure P General Obligation Bond funds authorized have been issued.

Year Ended					
June 30,	Principal	Interest	Accreted Interest	Total	
2022	\$ 78,638	\$ -	\$ 101,362	\$ 180,000	
2023	78,016	-	111,984	190,000	
2024	75,252	-	119,748	195,000	
2025	94,247	-	108,807	203,054	
2026	94,247	-	118,568	212,815	
2027-2031	459,286	-	748,590	1,207,876	
2032-2033	1,122,238	-	2,560,323	3,682,561	
Accretion	1,778,922	-	(1,778,922)	-	
Total	\$ 3,780,846	\$ -	\$ 2,090,460	\$ 5,871,306	

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On February 1, 2012, the District issued General Obligation Bonds totaling \$9,297,123. These serial bonds with interest rates from 2.50% to 5.39% mature in varying amounts through August 2037.

Series 2012A:

Year Ended	Principal	Interest	Accreted Interest	Total
June 30,				
2022	\$ 40,000	\$ 219,569	\$ -	\$ 259,569
2023	60,000	217,069	-	277,069
2024	90,000	213,319	-	303,319
2025	120,000	208,069	-	328,069
2026	155,000	201,194	-	356,194
2027-2031	1,054,263	878,048	255,737	2,188,048
2032-2036	2,012,861	646,577	702,139	3,361,577
2037-2038	2,090,000	85,200	-	2,175,200
Accretion	325,602	-	(325,602)	-
Total	\$ 5,947,726	\$ 2,669,045	\$ 632,274	\$ 9,249,045

Series 2012A1:

Year Ended	Principal	Interest	Total
June 30,			
2022	\$ 290,000	\$ 216,519	\$ 506,519
2023	295,000	205,146	500,146
2024	295,000	192,570	487,570
2025	300,000	178,772	478,772
2026	305,000	164,742	469,742
2027-2031	1,625,000	593,600	2,218,600
2032-2035	1,435,000	153,954	1,588,954
Total	\$ 4,545,000	\$ 1,705,303	\$ 6,250,303

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On April 1, 2014, the District issued General Obligation Bonds totaling \$14,000,000. These serial bonds with interest rates from 4.00% to 5.00% mature in varying amounts through August 2038.

Year Ended June 30,	Principal	Interest	Total
2022	\$ 210,000	\$ 566,656	\$ 776,656
2023	245,000	557,556	802,556
2024	280,000	545,656	825,656
2025	320,000	530,656	850,656
2026	360,000	513,656	873,656
2027-2031	2,570,000	2,228,782	4,798,782
2032-2036	4,090,000	1,497,585	5,587,585
2037-2039	4,885,000	327,433	5,212,433
Total	<u>\$ 12,960,000</u>	<u>\$ 6,767,980</u>	<u>\$ 19,727,980</u>

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On February 1, 2013, the District issued \$21,445,000 of General Obligation Refunding Bonds to refund a portion, \$22,615,000, of the District's outstanding Election of 2004, Series 2005 bonds and to pay costs of issuing the Refunding Bonds. The bonds mature in varying amounts through August 2026 with interest rates from 2.0% to 5.0%.

Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,705,000	\$ 501,850	\$ 2,206,850
2023	1,865,000	430,450	2,295,450
2024	2,035,000	352,450	2,387,450
2025	2,215,000	256,375	2,471,375
2026	2,430,000	140,250	2,570,250
2027	2,650,000	39,750	2,689,750
Total	\$ 12,900,000	\$ 1,721,125	\$ 14,621,125

On July 21, 2015, the District issued \$18,460,000 of General Obligation Bonds to finance the acquisition and construction of school facilities project in the District. These Election Bonds of 2012 Series C has an interest rate from 2.00% to 5.00% and matures in varying amounts through August 2039.

Year Ended June 30,	Principal	Interest	Total
2022	\$ 200,000	\$ 786,275	\$ 986,275
2023	245,000	777,150	1,022,150
2024	295,000	763,650	1,058,650
2025	350,000	747,525	1,097,525
2026	410,000	728,525	1,138,525
2027-2031	3,050,000	3,279,263	6,329,263
2032-2036	5,180,000	2,381,575	7,561,575
2037-2040	8,430,000	904,400	9,334,400
Total	\$ 18,160,000	\$ 10,368,363	\$ 28,528,363

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On February 28, 2018, the District issued \$6,636,000 of General Obligation Refunding Bonds to refund the outstanding maturities of the Lincoln Unified School District General Obligation Bonds Election of 2004, Series 2006, maturing August 1, 2018 through August 1, 2024, in the aggregate principal amount of \$6,505,000. The Bonds shall mature on August 1, 2031 and bear interest at a rate of 2.56%

Year Ended				
June 30,	Principal	Interest	Total	
2022	\$ 850,000	\$ 78,310	\$ 928,310	
2023	915,000	56,166	971,166	
2024	987,000	32,307	1,019,307	
2025	512,000	6,554	518,554	
Total	\$ 3,264,000	\$ 173,337	\$ 3,437,337	

Year Ended				
June 30,	Principal	Interest	Total	
2022	\$ 66,000	\$ 21,060	\$ 87,060	
2023	70,000	19,003	89,003	
2024	76,000	16,808	92,808	
2025	42,000	14,444	56,444	
2026	5,000	13,723	18,723	
2027-2031	24,000	66,343	90,343	
2032-2033	419,000	16,010	435,010	
Total	\$ 702,000	\$ 167,391	\$ 869,391	

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS, continued

Community facilities bond

The outstanding Community Facilities bonded debt is as follows:

On December 16, 2005, the District issued \$14,995,814 in Special Tax Bonds with interest rates ranging from 3.25% to 5.31%.

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ -	\$ -	\$ -	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	722,148	-	1,207,852	1,930,000
2027-2031	3,058,209	-	6,601,791	9,660,000
2032-2036	2,292,703	-	7,362,297	9,655,000
2037	387,755	-	1,547,245	1,935,000
Accretion	7,845,438	-	(7,845,438)	-
Total	\$ 14,306,253	\$ -	\$ 8,873,747	\$ 23,180,000

On September 1, 2007, the District issued \$4,890,753 in Special Tax Bonds with interest rates ranging from 3.95% to 5.72%

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ -	\$ -	\$ -	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
2037-2038	145,753	-	1,999,247	2,145,000
Accretion	353,271	-	(353,271)	-
Total	\$ 499,024	\$ -	\$ 1,645,976	\$ 2,145,000

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On December 20, 2016, The District issued \$16,615,000 in Special Tax Refunding Bonds with interest rates ranging from 2.00% to 5.00%.

Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,775,000	\$ 442,594	\$ 2,217,594
2023	1,865,000	351,594	2,216,594
2024	1,955,000	256,094	2,211,094
2025	2,060,000	166,019	2,226,019
2026	220,000	119,319	339,319
2027-2031	1,205,000	439,070	1,644,070
2032-2036	1,480,000	151,485	1,631,485
Total	<u>\$ 10,560,000</u>	<u>\$ 1,926,175</u>	<u>\$ 12,486,175</u>

Qualified Zone Academy Bond

On December 19, 2007, the District issued Qualified Zone Academy Bonds, Series 2007 in the amount of \$2,500,000 with an interest rate of 2.0%. As of June 30, 2021, the principal balance outstanding was \$377,758.

The bonds mature through December 2022 as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 187,009	\$ 7,555	\$ 194,564
2023	190,749	3,815	194,564
Total	<u>\$ 377,758</u>	<u>\$ 11,370</u>	<u>\$ 389,128</u>

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM OBLIGATIONS, continued

On December 20, 2016, the District issued Certificates of Participation in the amount of \$3,680,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be used to prepay the District's lease payment obligations under a lease agreement dated as of April 1, 2005, fund certain capital facilities of the District and purchase a municipal bond insurance policy and a reserve fund insurance policy for the Certificates, as well as any costs incurred in connection with the execution and delivery of the Certificates.

Year Ended				
June 30,	Principal	Interest	Total	
2022	\$ 400,000	\$ 111,500	\$ 511,500	
2023	420,000	91,000	511,000	
2024	435,000	69,625	504,625	
2025	460,000	47,250	507,250	
2026	480,000	23,750	503,750	
2027	235,000	5,875	240,875	
Total	<u>\$ 2,430,000</u>	<u>\$ 349,000</u>	<u>\$ 2,779,000</u>	

On November 6, 2019, the District issued Certificates of Participation in the amount of \$6,340,000 with interest rate ranging from 2.00% to 5.00%. The net proceeds of the Certificates will be applied to finance capital facility improvement projects in the District.

Year Ended				
June 30,	Principal	Interest	Total	
2022	\$ 90,000	\$ 270,550	\$ 360,550	
2023	95,000	266,850	361,850	
2024	295,000	259,050	554,050	
2025	305,000	247,050	552,050	
2026	315,000	234,650	549,650	
2027-2031	1,790,000	952,500	2,742,500	
2032-2036	2,265,000	464,975	2,729,975	
2037-2038	1,050,000	42,400	1,092,400	
Total	<u>\$ 6,205,000</u>	<u>\$ 2,738,025</u>	<u>\$ 8,943,025</u>	

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS, continued

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2021, amounted to \$328,571.

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows/(inflows) of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ 12,079,577	\$ 1,751,464	\$ -	\$ 820,823
MPP Program	\$ 554,749	\$ -	\$ -	\$ 85,142

The details of each plan are located in note 10 of the financial statements.

NOTE 9 – FUND BALANCES

Fund balances with reservations and designations are comprised of the following elements:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Non-spendable				
Revolving cash	\$ 15,000	\$ -	\$ -	\$ 15,000
Stores inventory	170,459	-	383,139	553,598
Total non-spendable	185,459	-	383,139	568,598
Restricted				
Legally restricted programs	7,325,511	297,423	744,836	8,367,770
Capital projects	-	-	6,600,810	6,600,810
Debt service	-	-	7,808,235	7,808,235
Child nutrition	-	-	459,072	459,072
Other restricted	-	-	411,896	411,896
Total restricted	7,325,511	297,423	16,024,849	23,647,783
Committed				
Other commitments	22,915,000	-	-	22,915,000
Total committed	22,915,000	-	-	22,915,000
Assigned				
OPEB (Fund 20)	5,549,449	-	-	5,549,449
Other assignments	-	1,000,569	4,402,247	5,402,816
Total assigned	5,549,449	1,000,569	4,402,247	10,952,265
Unassigned				
Reserve for economic uncertainties	3,568,086	-	-	3,568,086
Remaining unassigned	2,606,978	-	-	2,606,978
Total unassigned	6,175,064	-	-	6,175,064
Total	\$ 42,150,483	\$ 1,297,992	\$ 20,810,235	\$ 64,258,710

**LINCOLN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Plan Description

Plan administration. The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Lincoln Unified School District. The Plan provides medical, dental and vision insurance benefits to eligible retirees. These benefits are offered as a package through California's Valued Trust (CVT). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Retirees' spouses and eligible dependent children may be covered under the medical/Rx plans; however, the present level of the District caps relative to the premiums results in de facto retiree-only coverage. The same comment holds true for dental and vision coverage. Retirees pay the difference between the total premium and the District cap if they elect to cover dependents under the plan.

	Management	Certificated	Classified	Confidential Supervisory
Benefit types provided	Medical, Dental and Vision	Medical, Dental and Vision	Medical, Dental and Vision	Medical, Dental and Vision
Duration of Benefits	To Age 65	To Age 65	To Age 65	To Age 65
Required Service	10 Years	10 Years	20 Years	10 Years
Minimum Age	55	55	55	55
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%
District Cap	\$811 per month	\$717 per month	\$811 per month	\$811 per month

Plan membership - At July 1, 2020, membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	32
Active Employees	828
	<u>860</u>

Contribution Information

Contributions - The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

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

At June 30, 2021, the District reported a liability of \$12,079,577 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial procedures were used to project/discount from valuation to measurement dates.

For the year ending June 30, 2021, the District recognized OPEB expense of \$820,823. At June 30, 2021, the District reported the following deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 606,540	\$ -
Change in assumptions	1,144,924	-
	<u>\$ 1,751,464</u>	<u>\$ -</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 270,491
2023	270,491
2024	270,491
2025	270,491
2026	270,491
Thereafter	399,009
	<u>\$ 1,751,464</u>

Actuarial Assumptions

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age, level percent of pay
Inflation rate	2.75%
Discount rate	1.92%
Payroll increase	3.00%
Healthcare Cost Trend Rate	4.75% for 2020 decreasing to 4.00 percent for 2021-2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years

**LINCOLN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Actuarial Assumptions, continued

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Rate of Plan Investments	Municipal Bond 20- Year High Grade Rate Index	Discount Rate
June 30, 2021	June 30, 2021	4.00%	1.92%	1.92%

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2020	\$ 11,046,703	\$ -	\$ 11,046,703
Changes for the year:			
Service cost	762,008	-	762,008
Interest	283,734	-	283,734
Employer contributions	-	495,410	(495,410)
Changes of assumptions	374,656	-	374,656
Difference between expected and actual experience	107,886	-	107,886
Expected benefit payments	(495,410)	(495,410)	-
Net change	1,032,874	-	1,032,874
Balance June 30, 2021	\$ 12,079,577	\$ -	\$ 12,079,577

Sensitivity of the District's Net OPEB liability to Changes in the Discount Rate

The following presents the District's net OPEB liability calculated using the discount rate of 1.92%, as well as what the District's net OPEB liability would be if there were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	Discount Rate 1% Lower (0.92%)	Current Discount Rate (1.92%)	Discount Rate 1% Higher (2.92%)
Net OPEB liability	\$ 11,862,424	\$ 12,079,577	\$ 10,278,462

Sensitivity of the District's Net OPEB liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	Trend Rate 1% Lower (3.75% decreasing to 3.00%)	Current Trend Rate (4.75% decreasing to 4.00%)	Trend Rate 1% Higher (5.75% decreasing to 5.00%)
Net OPEB liability	\$ 9,736,019	\$ 12,079,577	\$ 12,598,056

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

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

At June 30, 2021, the District reported a liability of \$554,749 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.131 percent and 0.119 percent, resulting in a net increase in the proportionate share of 0.012 percent. For the year ended June 30, 2021, the District recognized an OPEB expense of \$85,142.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2021, was determined based on a financial reporting actuarial valuation that used the June 30, 2019 assumptions presented in the table below. The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.21%
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate*	4.50%
Medicare Part B Premium Cost Trend Rate*	5.40%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

For the valuation as of June 30, 2019, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2018, CalSTRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population of 159,339.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE), continued

Medicare Premium Payment (MPP) Program, continued

Actuarial Methods and Assumptions, continued

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020 and 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the state treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020 and 2019 was 2.21 percent and 3.50 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent and 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020 and 2019, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
MPP Program	\$ 613,429	\$ 554,749	\$ 504,816

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

	1% Decrease (3.5% Part A and 4.4% Part B)	Current Trend Rate (4.5% Part A and 5.4% Part B)	1% Increase (5.5% Part A and 6.4% Part B)
MPP Program	\$ 503,010	\$ 554,749	\$ 614,310

**LINCOLN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 11 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2021, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For the fiscal year 2021, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity-pooling" arrangement ensures that each participant shares equally in the overall performance of the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

Insurance Program/Company Name	Type of Coverage	Limits
San Joaquin County W/C JPA (PIPS)	Worker's Compensation	\$1,000,000
Norcal ReLief	General Liability	\$5,000,000 with \$50,000 retention
	Automobile	\$5,000,000 with \$50,000 retention
	Property	\$250,250,000 with \$25,000 retention
	Student Professional Liability	Included with \$50,000 retention

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – RISK MANAGEMENT, continued

Employee Medical Benefits

The District has contracted with the Self Insured Schools of California to provide employee medical and surgical benefits for all employees. The entity is a shared risk pool comprised of school districts throughout the state. Rates are set through an annual calculation process. The District pays a monthly contribution to the entity, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statement No. 68 and No. 71 for the fiscal year ended June 30, 2021. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 82,028,819	\$ 25,210,684	\$ 3,494,263	\$ 12,413,028
CalPERS	35,372,033	7,173,343	323,820	6,572,008
Total	\$ 117,400,852	\$ 32,384,027	\$ 3,818,083	\$ 18,985,036

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$7,030,371.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 82,028,819
State's proportionate share of the net pension liability associated with the District	42,285,524
Total	\$ 124,314,343

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for measurement period June 30, 2020 and June 30, 2019, respectively, was 0.085 percent and 0.077 percent, resulting in a net increase in the proportionate share of 0.008 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$12,413,028. In addition, the District recognized pension expense and revenue of \$4,312,374 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 1,948,025	\$ -
Differences between expected and actual experience	144,744	2,311,903
Changes in assumptions	7,997,520	-
Net changes in proportionate share of net pension liability	8,090,024	1,182,360
District contributions subsequent to the measurement date	7,030,371	-
Total	\$ 25,210,684	\$ 3,494,263

LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,616,636
2023	4,401,458
2024	4,407,515
2025	1,770,771
2026	633,164
Thereafter	856,506
	\$ 14,686,050

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	42%	4.80%
Fixed Income	15%	3.60%
Real Estate	13%	6.30%
Private Equity	12%	1.30%
Cash/Liquidity	10%	1.80%
Risk Mitigating Strategies	6%	3.30%
Inflation Sensitive	2%	-0.40%
	100%	

*20-year geometric average

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 123,934,119	\$ 82,028,819	\$ 47,430,093

California Public Employees Retirement System (CalPERS)

Plan Description

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

Plan Description, continued

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$3,479,158.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$35,372,033. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for measurement period June 30, 2020 and June 30, 2019, respectively, was 0.115 percent and 0.117 percent, resulting in a net decrease in the proportionate share of 0.002 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$6,572,008. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 736,332	\$ -
Differences between expected and actual experience	1,754,344	-
Changes in assumptions	129,711	-
Net changes in proportionate share of net pension liability	1,073,798	323,820
District contributions subsequent to the measurement date	3,479,158	-
Total	\$ 7,173,343	\$ 323,820

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,323,955
2023	1,012,300
2024	763,450
2025	270,660
	\$ 3,370,365

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*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.

**An expected inflation of 2.0% used for this period

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

**LINCOLN UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 50,853,747	\$ 35,372,033	\$ 22,522,987

Social Security

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee’s gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,883,699 to CalSTRS.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – COMMITMENTS AND CONTINGENCIES, continued

Litigation

The District is involved in various legal litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

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

The District is a member of the San Joaquin County School Workers' Compensation Insurance Group, San Joaquin County Schools Property and Liability Insurance Group public entity risk pools, the San Joaquin County Schools Data Processing Center Joint Power Authorities (JPA) Northern California Regional Liability Excess Fund, Schools Association for Excess Risk, and Central Valley Schools Health and Welfare Trust. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes. Financial information for CVSHWT was not available. The following is a summary of financial information for the other JPA's as June 30, 2020 (the latest information available):

	SJCSWC		SJCSPL		NCRLF		SJCSDPC		SAFER	
	JPA		JPA							
Total assets	\$	15,818,686	\$	1,906,578	\$	64,919,272	\$	2,561,377	\$	38,625,474
Total liabilities	\$	1,114,214	\$	310,254	\$	48,689,344	\$	182,808	\$	36,969,875
Net position	\$	14,704,472	\$	1,596,324	\$	16,229,928	\$	2,378,569	\$	1,655,599
Total revenues	\$	9,691,280	\$	2,767,394	\$	117,962,634	\$	3,481,815	\$	99,122,689
Total expenses	\$	9,298,966	\$	2,467,733	\$	118,853,343	\$	3,644,531	\$	88,729,082
Change in net position	\$	392,314	\$	299,661	\$	(890,709)	\$	(162,716)	\$	10,393,607

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

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Beginning net position was increased by \$511,045 due to the implementation of GASB Statement No. 84, *Fiduciary Activities* for implementation of a change in accounting principal.

REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 86,623,576	\$ 86,623,577	\$ 86,623,576	\$ (1)
Federal sources	13,112,575	13,112,575	13,112,574	(1)
Other state sources	15,617,665	15,617,665	15,617,665	-
Other local sources	3,766,481	3,766,483	3,766,484	1
Total Revenues	119,120,297	119,120,300	119,120,299	(1)
EXPENDITURES				
Certificated salaries	45,152,393	45,152,393	45,152,392	(1)
Classified salaries	15,574,904	15,574,904	15,574,903	(1)
Employee benefits	24,397,929	24,397,929	24,397,932	3
Books and supplies	8,186,128	8,186,128	8,186,132	4
Services and other operating expenditures	8,066,565	8,066,565	8,066,564	(1)
Capital outlay	959,823	959,823	959,823	-
Other outgo				
Excluding transfers of indirect costs	1,963,591	1,963,591	1,963,591	-
Transfers of indirect costs	(435,664)	(435,664)	(435,666)	(2)
Total Expenditures	103,865,669	103,865,669	103,865,671	2
Excess (Deficiency) of Revenues Over Expenditures	15,254,628	15,254,631	15,254,628	1
Other Financing Sources (Uses):				
Transfers out	(2,090,866)	(2,090,866)	(2,090,866)	-
Net Financing Sources (Uses)	(2,090,866)	(2,090,866)	(2,090,866)	-
NET CHANGE IN FUND BALANCE	13,163,762	13,163,765	13,163,762	(3)
Fund Balance - Beginning	28,986,721	28,986,721	28,986,721	-
Fund Balance - Ending	\$ 42,150,483	\$ 42,150,486	\$ 42,150,483	\$ (3)

**LINCOLN UNIFIED SCHOOL DISTRICT
DEFERRED MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 690,424	\$ 690,424	\$ 690,424	\$ -
Other local sources	25,000	19,410	19,410	-
Total Revenues	715,424	709,834	709,834	-
EXPENDITURES				
Capital outlay	777,087	1,229,938	1,229,937	(1)
Total Expenditures	777,087	1,229,938	1,229,937	(1)
Excess (Deficiency) of Revenues Over Expenditures	(61,663)	(520,104)	(520,103)	(1)
Other Financing Sources (Uses):				
Transfers in	-	500,000	500,000	-
Net Financing Sources (Uses)	-	500,000	500,000	-
NET CHANGE IN FUND BALANCE	(61,663)	(20,104)	(20,103)	1
Fund Balance - Beginning	4,422,350	4,422,350	4,422,350	-
Fund Balance - Ending	\$ 4,360,687	\$ 4,402,246	\$ 4,402,247	\$ 1

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 762,008	\$ 657,729	\$ 657,729	\$ 409,823
Interest	283,734	327,796	327,796	283,886
Changes of assumptions	374,656	527,842	527,842	-
Difference between expected and actual experience	107,886	-	-	-
Benefit payments	(495,410)	(558,988)	(558,988)	(533,971)
Net change in total OPEB liability	1,032,874	954,379	954,379	159,738
Total OPEB liability, beginning of year	11,046,703	10,092,324	10,092,324	8,106,768
Total OPEB liability, end of year (a)	\$ 12,079,577	\$ 11,046,703	\$ 11,046,703	\$ 8,266,506
Plan fiduciary net position				
Employer contributions	\$ 495,410	\$ 558,988	\$ 558,988	\$ 533,971
Expected benefit payments	(495,410)	(558,988)	(558,988)	(533,971)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability, ending (a) - (b)	\$ 12,079,577	\$ 11,046,703	\$ 11,046,703	\$ 8,266,506
Covered payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Net OPEB liability as a percentage of covered payroll	18%	18%	17%	14%

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

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018*
Actuarially determined contribution	\$ 398,973	\$ 478,691	\$ 402,153	\$ -
Contributions in relations to the actuarially determined contribution	380,056	558,988	495,500	533,971
Contribution deficiency (excess)	\$ 18,917	\$ (80,297)	\$ (93,347)	\$ (533,971)
Covered-employee payroll	\$ 66,101,560	\$ 60,441,183	\$ 64,248,231	\$ 58,911,516
Contribution as a percentage of covered-employee payroll	0.57%	0.92%	0.77%	0.91%

**An actuarially determined contribution was not calculated.*

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

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021**

	Measurement Date			
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.131%	0.119%	0.123%	0.123%
District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 554,749	\$ 444,150	\$ 469,607	\$ 469,607
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*
Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability	0.71%	0.81%	0.40%	0.01%

*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
CalSTRS				
District's proportion of the net pension liability	0.085%	0.077%	0.078%	0.073%
District's proportionate share of the net pension liability	\$ 82,028,819	\$ 69,694,899	\$ 71,703,849	\$ 67,454,078
State's proportionate share of the net pension liability associated with the District	42,285,524	38,023,527	41,055,781	39,905,263
Total	\$ 124,314,343	\$ 107,718,426	\$ 112,759,630	\$ 107,359,341
District's covered - employee payroll	\$ 41,821,600	\$ 45,646,085	\$ 42,132,940	\$ 39,169,193
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	196%	153%	157%	172%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%

	Reporting Fiscal Year (Measurement Date)			
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
CalPERS				
District's proportion of the net pension liability	0.115%	0.117%	0.111%	0.109%
District's proportionate share of the net pension liability	\$ 35,372,033	\$ 34,055,717	\$ 29,660,058	\$ 26,084,150
District's covered - employee payroll	\$ 16,616,576	\$ 16,276,998	\$ 14,963,807	\$ 13,642,456
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	213%	209%	182%	191%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%

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

LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS			
District's proportion of the net pension liability	0.074%	0.082%	0.068%
District's proportionate share of the net pension liability	\$ 59,697,245	\$ 55,018,091	\$ 39,602,988
State's proportionate share of the net pension liability associated with the District	33,984,577	29,098,505	23,920,205
Total	\$ 93,681,822	\$ 84,116,596	\$ 63,523,193
District's covered - employee payroll	\$ 38,121,156	\$ 35,506,404	\$ 31,946,618
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	157%	155%	124%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS			
District's proportion of the net pension liability	0.108%	0.104%	0.100%
District's proportionate share of the net pension liability	\$ 21,375,330	\$ 15,315,572	\$ 11,363,787
District's covered - employee payroll	\$ 12,961,213	\$ 11,626,661	\$ 10,390,928
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	165%	132%	109%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

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

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
JUNE 30, 2021**

CaSTRS	Reporting Fiscal Year			
	2021	2020	2019	2018
Statutorily required contribution	\$ 7,030,371	\$ 7,582,256	\$ 7,431,183	\$ 6,023,590
District's contributions in relation to the statutorily required contribution	7,030,371	7,582,256	7,431,183	6,023,590
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 43,531,709	\$ 41,821,600	\$ 45,646,085	\$ 42,132,940
District's contributions as a percentage of covered-employee payroll	16.15%	18.13%	16.28%	14.30%

CaLPERS	Reporting Fiscal Year			
	2021	2020	2019	2018
Statutorily required contribution	\$ 3,479,158	\$ 3,276,955	\$ 2,939,951	\$ 2,319,233
District's contributions in relation to the statutorily required contribution	3,479,158	3,276,955	2,939,951	2,319,233
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,807,527	\$ 16,616,576	\$ 16,276,998	\$ 14,963,807
District's contributions as a percentage of covered-employee payroll	20.70%	19.72%	18.06%	15.50%

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

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
JUNE 30, 2021**

	Reporting Fiscal Year		
	2017	2016	2015
CalSTRS			
Statutorily required contribution	\$ 4,927,203	\$ 4,083,781	\$ 3,152,807
District's contributions in relation to the statutorily required contribution	4,927,203	4,083,781	3,152,807
District's contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 39,169,193	\$ 38,121,156	\$ 35,506,404
District's contributions as a percentage of covered-employee payroll	12.58%	10.71%	8.88%
	Reporting Fiscal Year		
	2017	2016	2015
CalPERS			
Statutorily required contribution	\$ 1,894,650	\$ 1,530,519	\$ 1,363,877
District's contributions in relation to the statutorily required contribution	1,894,650	1,530,519	1,363,877
District's contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,642,456	\$ 12,961,213	\$ 11,626,661
District's contributions as a percentage of covered-employee payroll	13.89%	11.81%	11.73%

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Change in Benefit Terms - There were no changes in benefit terms since the previous valuation for other postemployment benefits.

Change of Assumptions - There were no change in assumptions since the previous valuation for other postemployment benefits.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the Proportionate Share of the Net OPEB Liability - MPP Program

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plans discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

Schedule of the Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in assumptions since the previous valuation.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

**LINCOLN UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2021**

ORGANIZATION

The Lincoln Unified School District, a political subdivision of the State of California, was established on May 23, 1865. All of the District's schools are located in San Joaquin County within 7.2 square miles. There were no changes in the boundaries of the District during the year. The District consists of eight elementary schools, one middle school, one high school, one alternative education high school and a dependent charter school.

GOVERNING BOARD

Name	Office	Term Expires
Tony Yadon	President	2022
Jenny Van De Pol	Vice President/Clerk	2022
Sandra Chan	Member	2024
Ashley Jones	Member	2024
Therese Tutupalli	Member	2022
Maxwell Green	Student Member	2021

ADMINISTRATION

Kelly Dextraze
Superintendent

Rebecca Hall
Associate Superintendent, Business Services

Lisa Cheney
Associate Superintendent, Education Services

Michele Marquez Tatum
Associate Superintendent, Human Resources

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	\$ 8,703
Summer Food Service Program Operations	10.559	13004	1,607,565
Subtotal Child Nutrition Cluster			<u>1,616,268</u>
Total U. S. Department of Agriculture			<u>1,616,268</u>
U.S. Department of Education:			
<i>Passed through California Department of Education:</i>			
Special Education Cluster (IDEA):			
IDEA Basic Grant Entitlement	84.027	13379	1,507,710
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	11,718
IDEA Preschool Grants, Part B, Section 619	84.173	13430	26,839
Subtotal Special Education Cluster (IDEA)			<u>1,546,267</u>
Education Stabilization Fund (ESF) Programs:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,595,104
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	343,136
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	554,313
Subtotal Education Stabilization Fund (ESF) Programs			<u>2,492,553</u>
Title III, English Learner Student Program	84.365	14346	133,294
Title III, Immigrant Education Program	84.365	15146	8,220
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,320,292
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	122,517
Title II, Part A, Supporting Effective Instruction	84.367	14341	138,921
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	67,965
Total U. S. Department of Education			<u>6,830,029</u>
U.S. Department of Treasury:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	4,917,228
Total U. S. Department of Treasury			<u>4,917,228</u>
U.S. Department of Health and Human Services:			
<i>Passed through California Department of Health Services:</i>			
Medical Billing Option	93.778	10113	173,324
Total U. S. Department of Health and Human Services			<u>173,324</u>
Total Federal Expenditures			<u>\$ 13,536,849</u>

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	Number of Days		Number of Days Credited Form J-13A	Status
	Traditional Calendar	Multitrack Calendar		
Kindergarten	180	N/A	0	Complied
Grade 1	180	N/A	0	Complied
Grade 2	180	N/A	0	Complied
Grade 3	180	N/A	0	Complied
Grade 4	180	N/A	0	Complied
Grade 5	180	N/A	0	Complied
Grade 6	180	N/A	0	Complied
Grade 7	180	N/A	0	Complied
Grade 8	180	N/A	0	Complied
Grade 9	180	N/A	0	Complied
Grade 10	180	N/A	0	Complied
Grade 11	180	N/A	0	Complied
Grade 12	180	N/A	0	Complied

The District participated in Longer Day incentives and is funded at a level for a District that has not met or exceeded its LCFF target funding.

John McCandless Charter School

Grade Level	Number of Days		Number of Days Credited Form J-13A	Status
	Traditional Calendar	Multitrack Calendar		
Kindergarten	180	N/A	0	Complied
Grade 1	180	N/A	0	Complied
Grade 2	180	N/A	0	Complied
Grade 3	180	N/A	0	Complied
Grade 4	180	N/A	0	Complied
Grade 5	180	N/A	0	Complied
Grade 6	180	N/A	0	Complied
Grade 7	180	N/A	0	Complied

**LINCOLN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no adjustments to the Unaudited Actual Financial Report which require reconciliation to the audited financial statements for the year ended June 30, 2021.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	\$ 106,516,631	\$ 119,120,299	\$ 104,212,101	\$ 108,066,756
Expenditures and Other Financing Uses	105,654,569	105,956,537	101,582,044	108,747,349
Net Change in Fund Balance	862,062	13,163,762	2,630,057	(680,593)
Ending Fund Balance	\$ 43,012,545	\$ 42,150,483	\$ 28,986,721	\$ 26,356,664
Available Reserves*	\$ 9,222,883	\$ 6,175,064	\$ 13,599,497	\$ 12,861,172
Available Reserves as a Percentage of Outgo	8.7%	5.8%	13.4%	11.8%
Long-term Debt	\$ 253,272,049	\$ 253,272,049	\$ 242,589,235	\$ 235,676,251
Average Daily Attendance				
District ADA at P-2	8,067	8,434	8,434	8,469
Charter ADA at P-2	424	448	448	399
Total ADA at P-2	8,491	8,882	8,882	8,868

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

**This schedule reflects General Fund budgetary fund basis, which excludes the Special Reserve for Post-Employment Benefits.

The General Fund balance has increased by \$15,793,819 over the past two years. The fiscal year 2021-22 budget projects a budget increase of \$862,062. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

Total long-term obligations have increased by \$17,595,798 over the past two years.

Average daily attendance has increased by 14 over the past two years. A decrease of 391 ADA is anticipated during fiscal year 2021-22.

**LINCOLN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2021**

Charter School	Included in Audit Report
John McCandless Charter School	Yes

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Student Activity Special Revenue Fund	Adult Education Fund	Deferred Maintenance Fund	Child Development Fund	Cafeteria Fund
ASSETS					
Cash and cash equivalents	\$ 411,896	\$ (1,016)	\$ 4,051,126	\$ 703,370	\$ 234,333
Accounts receivable	-	-	3,654	436,985	359,193
Due from other funds	-	1,080	500,000	-	-
Stores inventory	-	-	-	-	383,139
Total Assets	411,896	64	4,554,780	1,140,355	976,665
LIABILITIES					
Accounts Payable	-	-	152,533	176,842	23,399
Due to other funds	-	64	-	108,679	111,055
Ueared revenue	-	-	-	109,998	-
Total Liabilities	-	64	152,533	395,519	134,454
FUND BALANCES					
Nonspendable	-	-	-	-	383,139
Restricted					
Educational programs	-	-	-	744,836	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
All others	411,896	-	-	-	459,072
Assigned					
Other assignments	-	-	4,402,247	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	411,896	-	4,402,247	744,836	842,211
Total Liabilities and Fund Balances	\$ 411,896	\$ 64	\$ 4,554,780	\$ 1,140,355	\$ 976,665

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	Total Non-Major Governmental Funds
\$ 70,057	\$ 5,591,558	\$ 375,992	\$ 686,811	\$ 5,733,175	\$ 2,074,519	\$ 19,931,821
63	5,030	341	1,203	-	541	807,010
-	-	-	-	-	-	501,080
-	-	-	-	-	-	383,139
70,120	5,596,588	376,333	688,014	5,733,175	2,075,060	21,623,050
-	-	45,987	84,258	-	-	483,019
-	-	-	-	-	-	219,798
-	-	-	-	-	-	109,998
-	-	45,987	84,258	-	-	812,815
-	-	-	-	-	-	383,139
-	-	-	-	-	-	744,836
70,120	5,596,588	330,346	603,756	-	-	6,600,810
-	-	-	-	5,733,175	2,075,060	7,808,235
-	-	-	-	-	-	870,968
-	-	-	-	-	-	4,402,247
-	-	-	-	-	-	-
70,120	5,596,588	330,346	603,756	5,733,175	2,075,060	20,810,235
\$ 70,120	\$ 5,596,588	\$ 376,333	\$ 688,014	\$ 5,733,175	\$ 2,075,060	\$ 21,623,050

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Student Activity Special Revenue Fund	Adult Education Fund	Deferred Maintenance Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
REVENUES						
LCFF sources	\$ -	\$ -	\$ 690,424	\$ 3,730,827	\$ -	\$ -
Federal sources	-	-	-	184,607	93,989	1,616,268
Other state sources	-	134,381	-	590,356	1,483,990	305,736
Other local sources	16,735	-	19,410	9,014	760,426	11,543
Total Revenues	16,735	134,381	709,834	4,514,804	2,338,405	1,933,547
EXPENDITURES						
Current						
Instruction	-	71,171	-	2,701,275	1,894,242	-
Instruction-related services						
Instructional supervision and administration	-	58,256	-	879	262,350	-
School site administration	-	-	-	491,351	133,091	-
Pupil services						
Food services	-	-	-	566	-	2,359,486
General administration						
All other general administration	-	6,002	-	674,718	122,262	118,009
Plant services	-	-	-	226,582	-	6,451
Facilities acquisition and maintenance	-	-	1,229,937	83,361	133,706	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total Expenditures	115,884	135,429	1,229,937	4,309,112	2,545,651	2,483,946
Excess (Deficiency) of Revenues Over Expenditures	(99,149)	(1,048)	(520,103)	205,692	(207,246)	(550,399)
Other Financing Sources (Uses)						
Transfers in	-	1,048	500,000	69,328	-	600,388
Transfers out	-	-	-	-	-	-
Net Financing Sources (Uses)	-	1,048	500,000	69,328	-	600,388
NET CHANGE IN FUND BALANCE	(99,149)	-	(20,103)	275,020	(207,246)	49,989
Fund Balance - Beginning	-	-	4,422,350	1,022,972	952,082	792,222
Adjustment for restatement	511,045	-	-	-	-	-
Fund Balance - Beginning, as restated	511,045	-	4,422,350	1,022,972	952,082	792,222
Fund Balance - Ending	\$ 411,896	\$ -	\$ 4,402,247	\$ 1,297,992	\$ 744,836	\$ 842,211

**LINCOLN UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Capital Project for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 690,424
-	-	-	-	119,927	-	1,830,184
-	4,586,207	-	-	48,970	-	6,559,284
11,831	14,743	3,373	966,323	6,111,205	2,671,843	10,587,432
11,831	4,600,950	3,373	966,323	6,280,102	2,671,843	19,667,324
-	-	-	-	-	-	1,965,413
-	-	-	-	-	-	320,606
-	-	-	-	-	-	133,091
-	-	-	-	-	-	2,359,486
-	-	-	-	-	-	246,273
-	-	-	34,359	-	-	40,810
83,399	-	271,119	1,590,937	-	-	3,309,098
-	-	-	183,342	3,237,991	2,205,000	5,626,333
-	-	-	11,106	2,715,214	956,838	3,683,158
83,399	-	271,119	1,819,744	5,953,205	3,161,838	17,800,152
(71,568)	4,600,950	(267,746)	(853,421)	326,897	(489,995)	1,867,172
-	-	-	10,000	-	100,000	1,211,436
(110,000)	-	-	-	-	-	(110,000)
(110,000)	-	-	10,000	-	100,000	1,101,436
(181,568)	4,600,950	(267,746)	(843,421)	326,897	(389,995)	2,968,608
251,688	995,638	598,092	1,447,177	5,406,278	2,465,055	17,330,582
-	-	-	-	-	-	511,045
251,688	995,638	598,092	1,447,177	5,406,278	2,465,055	17,841,627
\$ 70,120	\$ 5,596,588	\$ 330,346	\$ 603,756	\$ 5,733,175	\$ 2,075,060	\$ 20,810,235

LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – PURPOSES OF SCHEDULES

Local Education Agency Organization Structure

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

Schedule of 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists primarily of Federal Interest Subsidies.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 15,127,365
Medi-Cal Billing Option	93.778	16,568
Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	(93,161)
U.S. Fish and Wildlife Grant	15.650	(11,683)
Tobacco/Drug Free Grant	N/A	(50,000)
ARRA Carryover	N/A	(829)
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	69,328
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(1,400,812)
Federal Interest Subsidy on Qualified School Construction Bonds	N/A	(119,927)
Total Schedule of Expenditures of Federal Awards		<u>\$ 13,536,849</u>

Indirect Cost Rate – The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sub-recipients – The District did not provide federal awards to sub-recipients during the year ended June 30, 2021.

Schedule of Average Daily Attendance (ADA)

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

**LINCOLN UNIFIED SCHOOL DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSES OF SCHEDULES, continued

Schedule of Instructional Time and Schedule of Instructional Time – Charter School

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

The District neither met nor exceeded its targeted funding.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

Governing Board
Lincoln Unified School District
Stockton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lincoln Unified School District's basic financial statements, and have issued our report thereon dated January 6, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

CWDL, Certified Public Accountants

San Diego, California
January 6, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Lincoln Unified School District
Stockton, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



San Diego, California
January 6, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Lincoln Unified School District
Stockton, California

Report on State Compliance

We have audited Lincoln Unified School District's compliance with the types of compliance requirements as described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Lincoln Unified School District's programs as identified in the below schedule for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Lincoln Unified School District's State 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about Lincoln Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on State Compliance

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

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
California Clean Energy Jobs Act	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

The term Not Applicable is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

CWDL, Certified Public Accountants

San Diego, California
January 6, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**LINCOLN UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>10.555, 10.558, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>84.425C, 84.425D</u>	<u>Education Stabilization Fund (ESF) Programs</u>
<u>21.019</u>	<u>Coronavirus Relief Fund (CRF): Learning Loss Mitigation</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**LINCOLN UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statement findings for the year ended June 30, 2021.

**LINCOLN UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB3627 FINDING TYPES

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**LINCOLN UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2021.

**LINCOLN UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no prior year findings reported for the year ended June 30, 2020.