Financial Statements
June 30, 2020

South San Francisco Unified School District

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Independent Auditor's Report

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

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

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

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

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

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

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 74, schedule of changes in the District's total OPEB liability and related ratios on page 75, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 76, schedule of the District's proportionate share of the net pension liability on page 77, and the schedule of District contributions on page 78, 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 South San Francisco Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *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 other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 4, 2021 on our consideration of South San Francisco Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South San Francisco Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South San Francisco Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 4, 2021

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

This section of South San Francisco 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, 2019, with comparative information for the year ending June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the South San Francisco Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and 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 Position and changes in them. Net Position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, the District reports all of its services in the following category:

Governmental Activities - This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position, Statement of Revenues, Expenses, and Changes in Fund 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.

FINANCIAL HIGHLIGHTS

Total Net Position decreased 17.5 percent over the course of the year. Overall revenues were $148,704,854, $4,527,894 less than expenses. The total cost of basic programs was $153,232,748. Average daily attendance (ADA) in grades K-12 decreased by 198, or 2.4 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was $21,361,099 for the fiscal year ended June 30, 2020. Of this amount, $(37,308,682) was unrestricted. Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that Net Position for day-to-day operations. Our analysis below, in summary form, focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 114,736,640	$ 118,357,601
Capital assets	207,609,505	204,220,697
Total assets	322,346,145	322,578,298
Deferred outflows of resources	36,191,649	33,385,080
Liabilities		
Current liabilities	5,613,212	5,495,854
Long-term liabilities	321,986,414	319,420,290
Total liabilities	327,599,626	324,916,144
Deferred inflows of resources	9,577,069	5,158,241
Net Position		
Net investment in capital assets	33,497,673	26,556,725
Restricted	25,172,108	20,072,587
Unrestricted	(37,308,682)	(20,740,319)
Total net position	$ 21,361,099	$ 25,888,993

The $(37,308,682) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 79.9 percent ($(37,308,682) compared to ($(20,740,319)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 1,508,821	$ 1,551,357
Operating grants and contributions	17,385,025	16,270,046
General revenues		
Federal and State aid not restricted	7,443,239	8,281,492
Property taxes	114,075,609	102,913,728
Other general revenues	8,292,160	2,187,464
Total revenues	148,704,854	131,204,087
Expenses		
Instruction-related	102,074,365	96,780,907
Pupil services	16,170,579	15,410,726
Administration	5,880,130	5,605,775
Plant services	13,153,657	13,325,664
Other	15,954,017	10,246,895
Total expenses	153,232,748	141,369,967
Change in net position	$ (4,527,894)	$ (10,165,880)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $153,232,748. The amount that our taxpayers ultimately financed for these activities through local taxes was only $114,075,609. The District also collected $1,508,821 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of $17,385,025. We paid for the remaining "public benefit" portion of our governmental activities with $15,735,399 in unrestricted State and Federal funds, and with other revenues and other entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 102,074,365	$ 96,780,907	$ 90,119,620	$ 79,666,798
Pupil services	16,170,579	15,410,726	12,830,640	11,388,465
Administration	5,880,130	5,605,775	5,597,296	4,822,401
Plant services	13,153,657	13,325,664	12,900,562	13,657,348
All other services	15,954,017	10,246,895	12,890,784	9,016,523
Total	$ 153,232,748	$ 141,369,967	$ 134,338,902	$ 118,551,535

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $93,444,691, which is an increase of $291,114 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	$ 56,017,501	$ 127,525,430	$ 115,491,794	$ 68,051,137
Adult Education	1,747,895	1,592,899	1,590,964	1,749,830
Child Development	725,848	3,297,341	2,978,281	1,044,908
Cafeteria	1,911,403	2,647,735	3,542,848	1,016,290
Building	6,283,389	114,241	662,841	5,734,789
Capital Facilities	3,613,491	1,265,780	87,875	4,791,396
County School Facilities	4	3	-	7
Special Reserve Fund for Capital Outlay Projects	15,641,846	2,238,721	14,413,543	3,467,024
Bond Interest and Redemption	7,112,452	9,635,019	9,252,703	7,494,768
Debt Service Fund for Blended Component Units	99,748	4,087,456	4,092,662	94,542
Total	$ 93,153,577	$ 152,404,625	$ 152,113,511	$ 93,444,691

The primary reasons for these increases/decreases are:

- The General Fund balance increase of $12,033,636 is due to an overall net increase in property taxes and RDA revenue, one-time Federal and State categorical grants (i.e. Medi-Cal Billing, K-12 Strong Workforce, Special Ed Preschool, etc.), Local Grants (Genentech, Big Lift, etc.), reductions in expenditures due to COVID-19 Shelter-in-Place, employee salary schedule increases, and transfers to other funds.
- Child Development Fund balance increased by $319,060 due to an increase in local revenue.
- Building Fund balance decrease of $548,600 is due to the District's litigation cost associated with the bond funds.
- Special Reserve Fund for Capital Outlay Projects Fund balance decrease of $12,174,822 is due to one-time projects (athletic fields, Martin School modernization, paving, technology wireless, etc.)
- Adult Education Fund balance increase by $1,935 due to additional revenue received.
- Cafeteria Fund decreased of $895,113 is due to one-time equipment and Point-of-Sale software purchases and a reduction in revenue due to COVID-19 Shelter-in-Place.
- Capital Facilities Fund increase of $1,177,905 is due to increased developer fees collected.
- Bond Interest and Redemption Fund balance decreased by $382,316. This fund is relatively stable as it serves as a holding fund.
- Debt Service Fund for Blended Component Units Fund decreased by $5,206. This fund is relatively stable as its services as a holding fund.

General Fund Budgetary Highlights

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

- The District received its share of the proceeds ($427,297) from the City of South San Francisco for the sale of RDA property and transferred it to Fund 40 as required by law.
- Contributions to Deferred Maintenance of $4.3 million for facilities upkeep continues in 2019-2020.
- Due to a new requirement from the California Department of Education, districts must contribute an amount equal to three percent of their total projected/actual expenditures during the fiscal year instead of the projected expenditures at Budget Adoption to the Routine Restricted Maintenance Account (RRMA). This resulted in an increase of approximately $500,000 more per year in contribution to RRMA.
- The District received a $2 million donation from Genentech for the Next Generation Science Standards (NGSS) adoption.
- During the year, the State provided a one-time unrestricted $850,000 grant to the District for Special Education Preschool.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $207,609,505 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $3,388,808, or 1.66 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 27,238,441	$ 11,767,133
Buildings and improvements	175,299,580	186,056,837
Equipment	5,071,484	6,396,727
Total	$ 207,609,505	$ 204,220,697

Additional information can be found in Note 6 to the financial statements.

Long-Term Liabilities

At June 30, 2020, the District had $321,986,414 in long-term liabilities outstanding versus $319,420,290 last year, a decrease of 0.8 percent. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 154,291,757	$ 153,714,187
Unamortized debt premiums	8,736,133	9,156,160
Revenue bonds	15,935,000	19,110,000
Unamortized debt premiums	421,427	632,140
Lease financing	3,390,000	3,585,000
Compensated absences	856,818	654,445
Net other postemployment benefits liability	28,990,970	24,159,610
Aggregate net pension liability	109,364,309	108,408,748
Total	$ 321,986,414	$ 319,420,290

Additional information can be found in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Lottery and Mandated Block Grant revenues are budgeted.
2. Carryover of unspent categorical funds from prior year is budgeted.
3. Federal and State income will remain relatively flat.
4. One-time SB117 COVID-19 LEA Response Funds from the State is budgeted
5. Other revenue categories were also adjusted as grants became available from the Federal, State, and local agencies.

Expenditures are based on the following forecasts:

1. Increase in employee benefits for State Teacher Retirement System (CalSTRS) from 17.10 percent to 16.15 percent; and Public Employee Retirement System (CalPERS) from 19.72 percent to 20.70 percent of the employees' gross payroll.
2. Budgeted expenditures were adjusted in accordance to the increase in categorical program revenues.
3. Budget for unspent categorical programs (entitlements) with fund balance from the prior year were increased.
4. Other expenditure categories were adjusted to cover any unexpected changes during the year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent of Business Services at South San Francisco Unified School District, 398 B Street, South San Francisco, California 94080.

	Governmental Activities
Assets	
Deposits and investments	$ 91,732,046
Receivables	5,083,514
Long-term receivable	17,671,878
Prepaid items	117,316
Stores inventories	131,886
Capital assets not depreciated	27,238,441
Capital assets, net of accumulated depreciation	180,371,064
Total assets	322,346,145
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	7,052,168
Deferred outflows of resources related to pensions	29,139,481
Total deferred outflows of resources	36,191,649
Liabilities	
Accounts payable	2,804,417
Interest payable	1,993,141
Unearned revenue	815,654
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,925,000
Long-term liabilities other than OPEB and pensions due in more than one year	179,706,135
Net other postemployment benefits liabilities	28,990,970
Aggregate net pension liabilities	109,364,309
Total liabilities	327,599,626

	Governmental Activities
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,295,228
Deferred inflows of resources related to pensions	6,281,841
Total deferred inflows of resources	9,577,069
Net Position	
Net investment in capital assets	33,497,673
Restricted for	
Debt service	5,596,169
Capital projects	4,791,403
Educational programs	11,051,683
Other restrictions	3,732,853
Unrestricted	(37,308,682)
Total net position	$ 21,361,099

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 84,522,519	118,154	$ 9,819,633	$ (74,584,732)
Instruction-related activities				
Supervision of instruction	4,887,375	5,192	596,523	(4,285,660)
Instructional library, media, and technology	2,919,415	81	28,526	(2,890,808)
School site administration	9,745,056	41,609	1,345,027	(8,358,420)
Pupil services				
Home-to-school transportation	1,788,453	-	-	(1,788,453)
Food services	3,655,135	674,368	1,566,220	(1,414,547)
All other pupil services	10,726,991	-	1,099,351	(9,627,640)
Administration				
Data processing	124,669	-	-	(124,669)
All other administration	5,755,461	22,565	260,269	(5,472,627)
Plant services	13,153,657	16,471	236,624	(12,900,562)
Community services	120,854	-	-	(120,854)
Interest on long-term liabilities	6,054,882	-	-	(6,054,882)
Other outgo	9,778,281	630,381	2,432,852	(6,715,048)
Total governmental activities	$ 153,232,748	$ 1,508,821	$ 17,385,025	(134,338,902)
General Revenues and Subventions				
Property taxes, levied for general purposes				102,990,436
Property taxes, levied for debt service				9,546,620
Taxes levied for other specific purposes				1,538,553
Federal and State aid not restricted to specific purposes				7,443,239
Interest and investment earnings				1,461,113
Miscellaneous				6,831,047
Subtotal, general revenues				129,811,008
Change in Net Position				(4,527,894)
Net Position - Beginning				25,888,993
Net Position - Ending				$ 21,361,099

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 65,856,165	$ 4,486,264	$ 21,389,617	$ 91,732,046
Receivables	4,055,374	18,984	1,009,156	5,083,514
Due from other funds	280,788	2,121	201,520	484,429
Prepaid expenditures	115,831	-	1,485	117,316
Stores inventories	55,196	-	76,690	131,886
Total assets	$ 70,363,354	$ 4,507,369	$ 22,678,468	$ 97,549,191
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 1,624,943	$ 1,040,344	$ 139,130	$ 2,804,417
Due to other funds	201,520	1	282,908	484,429
Unearned revenue	485,754	-	329,900	815,654
Total liabilities	2,312,217	1,040,345	751,938	4,104,500
Fund Balances				
Nonspendable	200,008	-	78,175	278,183
Restricted	11,051,683	-	21,848,355	32,900,038
Assigned	39,515,625	3,467,024	-	42,982,649
Unassigned	17,283,821	-	-	17,283,821
Total fund balances	68,051,137	3,467,024	21,926,530	93,444,691
Total liabilities and fund balances	$ 70,363,354	$ 4,507,369	$ 22,678,468	$ 97,549,191

Total Fund Balance - Governmental Funds		$ 93,444,691
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 332,263,303	
Accumulated depreciation is	(124,653,798)	
Net capital assets		207,609,505
Receivables related to South San Francisco Unified School District Schools Facilities Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivable in the governmental Funds.		17,671,878
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,993,141)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits	7,052,168	
Net pension obligation	29,139,481	
Total deferred outflows of resources		36,191,649
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(3,295,228)	
Net pension obligation	(6,281,841)	
Total deferred inflows of resources		(9,577,069)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(109,364,309)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(28,990,970)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	$ (151,364,061)	
Unamortized premium on issuance	(8,736,133)	
Revenue bonds	(15,935,000)	
Unamortized premium on issuance	(421,427)	
Compensated absences (vacations)	(856,818)	
Lease finaincing	(3,390,000)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(2,927,696)	
Total long-term liabilities		(183,631,135)
Total net position - governmental activities		$ 21,361,099

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 107,828,877	$ -	$ 160,699	$ 107,989,576
Federal sources	3,572,208	-	2,019,029	5,591,237
Other State sources	8,783,663	-	2,085,686	10,869,349
Other local sources	7,327,381	700,168	14,174,584	22,202,133
Total revenues	127,512,129	700,168	18,439,998	146,652,295
Expenditures				
Current				
Instruction	65,546,621	-	2,797,821	68,344,442
Instruction-related activities				
Supervision of instruction	4,348,738	-	115,925	4,464,663
Instructional library, media, and technology	2,798,482	-	-	2,798,482
School site administration	7,708,911	-	1,282,189	8,991,100
Pupil services				
Home-to-school transportation	1,414,021	-	-	1,414,021
Food services	7,805	-	3,452,670	3,460,475
All other pupil services	9,524,639	-	66	9,524,705
Administration				
Data processing	124,669	-	-	124,669
All other administration	5,281,486	-	229,411	5,510,897
Plant services	10,898,780	205,970	848,167	11,952,917
Community services	114,909	-	-	114,909
Other outgo	4,024,251	-	1,700	4,025,951
Facility acquisition and construction	1,770,033	14,207,573	123,259	16,100,865
Debt service				
Principal	195,000	-	3,275,000	3,470,000
Interest and other	78,886	-	5,984,199	6,063,085
Total expenditures	113,837,231	14,413,543	18,110,407	146,361,181
Excess (Deficiency) of Revenues Over Expenditures	13,674,898	(13,713,375)	329,591	291,114
Other Financing Sources (Uses)				
Transfers in	13,301	1,538,553	4,200,476	5,752,330
Transfers out	(1,654,563)	-	(4,097,767)	(5,752,330)
Net Financing Sources (Uses)	(1,641,262)	1,538,553	102,709	-
Net Change in Fund Balances	12,033,636	(12,174,822)	432,300	291,114
Fund Balance - Beginning	56,017,501	15,641,846	21,494,230	93,153,577
Fund Balance - Ending	$ 68,051,137	$ 3,467,024	$ 21,926,530	$ 93,444,691

Total Net Change in Fund Balances - Governmental Funds		$ 291,114
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 15,869,866	
Depreciation expense	(12,481,058)	
Net expense adjustment		3,388,808
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(202,373)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(5,397,441)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(2,001,739)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		630,740

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	100,000
Lease financing	195,000
Revenues bonds	3,175,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(622,537)
The collection of tax assessments are revenues in the governmental funds, but it reduces the long-term receivable in the Statement of Net Position and does not affect the Statement of Activities.	(4,084,466)
Change in net position of governmental activities	$ (4,527,894)

	Scholarship Trust	Agency Funds
Assets		
Deposits and investments	$ 482,650	$ 841,692
Receivables	1,937	-
Total assets	484,587	$ 841,692
Liabilities		
Accounts payable	3,500	$ -
Due to student groups	-	841,692
Total liabilities	3,500	$ 841,692
Net Position		
Held in trusts for scholarships	$ 481,087	

	Scholarship Trust
Additions	
Interest	$ 9,010
Deductions	
Other expenditures	11,900
Change in Net Position	(2,890)
Net Position - Beginning	483,977
Net Position - Ending	$ 481,087

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The South San Francisco Unified School District was unified on July 1, 1960 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For South San Francisco 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 may be 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. For financial reporting purposes, the component units described below 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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

The South San Francisco Unified School District Schools Financing Authority's (the Authority) financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Revenue Bonds issued by the Authority are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 14, Deferred Maintenance Fund does not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources. As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 14, Deferred Maintenance Fund, being combined with the General Fund for presentation in these audited financial statements.

One fund currently defined as special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $28,195,670.

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

Non-Major Governmental Funds

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted and committed for adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620 17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State Schools Facilities Fund (Proposition 1D), or the 2013 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Debt Service Funds The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

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

Debt Service Fund for Blended Component Units The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust fund accounts for scholarship activity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared.

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

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

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

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

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

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

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

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

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

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 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 the County investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than purchased.

Capital Assets and Depreciation

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report $25,172,108 of restricted Net Position restricted by enabling legislation.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental column of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

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

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

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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

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

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

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

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

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

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

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

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 91,732,046
Fiduciary funds	1,324,342
Total deposits and investments	$ 93,056,388

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

Cash on hand and in banks	$ 863,389
Cash with fiscal agent	531
Cash in revolving	29,381
Cash collection awaiting deposit	14,641
Investments	92,148,446
Total deposits and investments	$ 93,056,388

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. The San Mateo County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in the Pool is reported in the accompanying financial statement at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

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

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity Days
First American Treasury Obligations, Class D	$ 94,542	43
Local Agency Investment Fund	28,378	191
San Mateo County Treasury Investment Pool	92,025,526	639
Total	$ 92,148,446	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Mateo County Treasury Investment Pool is rated AAA by Standard & Poor's. In addition, the First American Treasury Obligation Money Market Funds is rated Aaa by Moody's Investor Service. The investment with Local Agency Investment Fund is not required to be rated, nor have been rated as of June 30, 2020.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $1,345,472 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

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

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

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

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
First American Treasury Obligations, Class D	$ 94,452	$ 94,452	$ -
Local Agency Investment Fund	28,378	-	28,378
San Mateo County Treasury Investment Pool	92,025,526	-	92,025,526
Total	$ 92,148,356	$ 94,452	$ 92,053,904

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

Note 4 - Receivables

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal Government					
Categorical aid	$ 1,977,056	$ -	$ 400,892	$ 2,377,948	$ -
State Government					
LCFF apportionment	720,408	-	-	720,408	-
Categorical aid	75,540	-	124,372	199,912	-
Lottery	417,476	-	-	417,476	-
Local Government					
Interest	266,810	18,984	80,021	365,815	1,937
Other local sources	598,084	-	403,871	1,001,955	-
Total	$ 4,055,374	$ 18,984	$ 1,009,156	$ 5,083,514	$ 1,937

Note 5 - Long-Term Receivables

The proceeds from the issuance of 2006 Revenue Bonds issued by the South San Francisco Unified School Facilities Financing Authority (FFA) were used to purchase existing debt obligations related to 2006 General Obligation Bonds. In accordance with the financing agreement, tax receipts from the General Obligation Bonds will be pledged to pay the debt service on the revenue bonds until the bonds are fully defeased. The total amount of benefit provided by the FFA through the issuance of revenues bonds was $62,756,806. Current year payment totaling $4,086,466 were received, leaving a total balance outstanding of $17,671,878 as of June 30, 2020.

Note 6 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 4,305,188	$ -	$ -	$ 4,305,188
Construction in progress	7,461,945	15,611,373	(140,065)	22,933,253
Total capital assets not being depreciated	11,767,133	15,611,373	(140,065)	27,238,441
Capital assets being depreciated				
Land improvements	86,193,093	174,577	-	86,367,670
Buildings and improvements	204,299,559	32,025	-	204,331,584
Furniture and equipment	14,274,786	191,956	(141,134)	14,325,608
Total capital assets being depreciated	304,767,438	398,558	(141,134)	305,024,862
Total capital assets	316,534,571	16,009,931	(281,199)	332,263,303
Accumulated depreciation				
Land improvements	(14,831,488)	(3,582,590)	-	(18,414,078)
Buildings and improvements	(89,604,327)	(7,381,269)	-	(96,985,596)
Furniture and equipment	(7,878,059)	(1,517,199)	141,134	(9,254,124)
Total accumulated depreciation	(112,313,874)	(12,481,058)	141,134	(124,653,798)
Governmental activities capital assets, net	$ 204,220,697	$ 3,528,873	$ (140,065)	$ 207,609,505

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

Governmental Activities	
Instruction	$ 11,232,952
Home-to-school transportation	374,432
All other pupil services	499,242
Plant services	374,432
Total depreciation expenses governmental activities	$ 12,481,058

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From			
Due To	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1	$ 280,787	$ 280,788
County School Facilities Fund	-	-	2,121	2,121
Non-Major Governmental Funds	201,520	-	-	201,520
Total	$ 201,520	$ 1	$ 282,908	$ 484,429

The balance of $69,604 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from reimbursement of health and welfare benefits and other operating costs.

The balance of $47,051 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of health and welfare benefits and other operating costs.

The balance of $164,126 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from reimbursement of health and welfare benefits and other operating costs.

The balance of $109,233 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from program contributions.

The balance of $74,880 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from contributions to cover negative balances on student accounts.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfer To	Transfer From: General Fund	Transfer From: Non-Major Governmental Funds	Total
General Fund	$ -	$ 13,301	$ 13,301
Special Reserve Fund for Capital Outlay Projects	1,538,553	-	1,538,553
Non-Major Governmental Funds	116,010	4,084,466	4,200,476
Total	$ 1,654,563	$ 4,097,767	$ 5,752,330

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects to set aside redevelopment funds received for future capital outlay projects.	$ 1,538,553
The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to compensate for deficit spending.	41,425
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to cover the negative balances on student accounts.	74,585
The Child Development Non-Major Governmental Fund transferred to the General Fund for reimbursement of health and welfare benefits and other operating costs.	13,301
The Bond Interest and Redemption Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments for the revenue bonds.	4,084,466
Total	$ 5,752,330

Note 8 - Accounts Payable

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Salaries and benefits	$ 370,272	$ -	$ 4,553	$ 374,825	-
Materials and supplies	93,234	-	16,904	110,138	-
Services	928,154	114,407	117,673	1,160,234	-
Construction	173,283	925,937	-	1,099,220	-
Other	60,000	-	-	60,000	3,500
Total	$ 1,624,943	$ 1,040,344	$ 139,130	$ 2,804,417	$ 3,500

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 230,721	$ 17,545	$ 248,266
State categorical aid	255,033	311,472	566,505
Other local	-	883	883
Total	$ 485,754	$ 329,900	$ 815,654

Note 10 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 153,714,187	$ 677,570	$ (100,000)	$ 154,291,757	$ 225,000
Unamortized debt premiums	9,156,160	-	(420,027)	8,736,133	-
Revenue bonds	19,110,000	-	(3,175,000)	15,935,000	3,495,000
Unamortized debt premiums	632,140	-	(210,713)	421,427	-
Lease financing	3,585,000	-	(195,000)	3,390,000	205,000
Compensated absences	654,445	202,373	-	856,818	-
Total	$ 186,851,932	$ 879,943	$ (4,100,740)	$ 183,631,135	$ 3,925,000

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. Payments on the Revenue Bonds are made by the Debt Service Fund for Blended Component Units. Payments for lease financing are made by the Special Reserve Fund for Capital Outlay Projects. The compensated absences will be paid by primarily by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
06/24/2015	9/1/2040	2.00-5.00%	$ 26,000,000	$ 23,679,778	$ 270,196	$ -	$ 23,949,974
06/21/2016	9/1/2041	2.00-5.00%	128,999,061	130,034,409	407,374	(100,000)	130,341,783
				$ 153,714,187	$ 677,570	$ (100,000)	$ 154,291,757

2015 General Obligation Bonds, Series B

On June 24, 2015, South San Francisco Unified School District issued the 2015 General Obligation Bonds, Series B in the amount of $26,000,000. The Series B represents the second series of the authorized bonds not to exceed $162,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as both current interest and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $4,165,000. The bonds have an aggregate principal debt service balance of $30,165,000. The bonds were issued at an aggregate price of $27,879,487 (representing the principal amount of $26,000,000 plus an original issue premium of $2,110,776 less cost of issuance and underwriter's discount of $168,369 and $62,920, respectively). The bonds have a final maturity to occur on September 1, 2040 and interest rates of 2.00 to 5.00 percent. Proceeds from the sale of bonds were used to defease the remaining balance on the District's 2012 General Obligation Bonds Anticipation Notes, Series C. At June 30, 2020, the principal outstanding, including accreted interest, was $23,949,974. Unamortized premium received on issuance amounted to $1,688,621.

2016 General Obligation Bonds, Series C

On June 21, 2016, South San Francisco Unified School District issued the 2016 General Obligation Bonds, Series C in the amount of $128,999,061. The Series C represents the third series of the authorized bonds not to exceed $162,000,000 to be issued under the measure as approved by the voters. The Series C bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to $4,440,939, and an aggregate principal debt service balance of $133,440,000. The bonds were issued at an aggregate price of $136,654,530 (representing the principal amount of $128,999,061 plus an original issue premium of $8,389,896 less cost of issuance of $315,000 and underwriter's discount of $419,247).

The bonds have a final maturity which occurs on September 1, 2041 and interest rates of 2.00 to 5.00 percent. A portion of the proceeds from the sale of Series C bonds will be used to pay and defease the District's outstanding General Obligation Bond Anticipation Notes Series D, Series E, Series F, and Series G. The remaining proceeds will be used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2020, the principal outstanding, including accreted interest, was $130,341,783. Unamortized premium received on issuance amounted to $7,047,512.

The bonds mature through September 1, 2042 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Interest to Maturity
2021	$ 225,000	$ -	$ 5,063,863	$ 5,288,863
2022	400,000	-	5,054,488	5,454,488
2023	600,000	-	5,036,488	5,636,488
2024	1,000,000	-	5,004,488	6,004,488
2025	3,845,912	354,088	4,984,488	9,184,488
2026-2030	21,921,929	3,768,071	24,814,138	50,504,138
2031-2035	37,013,916	1,556,084	20,757,587	59,327,587
2036-2040	59,100,000	-	11,115,669	70,215,669
2041-2045	30,185,000	-	1,017,113	31,202,113
Total	$ 154,291,757	$ 5,678,243	$ 82,848,322	$ 242,818,322

2006 Revenue Bonds

On January 2006, South San Francisco Unified School District School Facilities Financing Authority issued the 2006 Revenue Bonds in the amount of $39,035,000. The revenue bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $42,053,827 (representing the principal amount of $39,035,000 plus an original issue premium of $3,582,125 less cost of issuance of $563,298). The bonds have a final maturity to occur on September 1, 2023 and interest rates of 4.00 to 5.25 percent. Proceeds from the revenue bonds were used to purchase the 2006 General Obligation Refunding Bonds, to finance the new construction and renovation of District's facilities, and to cover the cost arising from the issuance of the bonds.

The 2006 Revenue Bonds were issued simultaneously with 2006 General Obligation Refunding Bonds. Under the financing agreement, tax receipts from the General Obligation Bonds will be pledged to pay the debt service on the revenue bonds until the bonds are fully defeased. At June 30, 2020, the principal outstanding was $15,935,000. Unamortized premium received on issuance amounted to $421,427.

The revenue bonds mature through September 1, 2024 as follows:

Fiscal Year	Principal	Interest to Maturity	Interest to Maturity
2021	$ 3,495,000	$ 744,844	$ 4,239,844
2022	3,850,000	552,038	4,402,038
2023	4,225,000	340,069	4,565,069
2024	4,365,000	114,581	4,479,581
Total	$ 15,935,000	$ 1,751,532	$ 17,686,532

Lease Financing

On November 1, 2016, the South San Francisco Unified School District entered into a lease/purchase agreement with the South San Francisco Unified School District School Facilities Financing Authority (the Authority). The terms of the agreement stipulates that the District would lease a property owned by the District to the Authority and the Authority would sublease the property back to the District, including the energy efficiency renovations performed on the property. Lease payment period commences on September 1, 2017 and the final lease payment is set to occur on September 1, 2034. At June 30, 2020, the principal balance outstanding was $3,390,000.

The lease payments are due through September 1, 2034 as follows:

Fiscal Year	Principal	Interest to Maturity	Interest to Maturity
2021	$ 205,000	$ 74,482	$ 279,482
2022	205,000	69,911	274,911
2023	210,000	65,283	275,283
2024	210,000	60,600	270,600
2025	220,000	55,862	275,862
2026-2030	1,165,000	203,822	1,368,822
2031-2035	1,175,000	66,287	1,241,287
Total	$ 3,390,000	$ 596,247	$ 3,986,247

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $856,818.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 28,445,608	$ 7,052,168	$ 3,295,228	$ 2,026,584
Medicare Premium Payment (MPP) Program	545,362	-	-	(24,845)
Total	$ 28,990,970	$ 7,052,168	$ 3,295,228	$ 2,001,739

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	412
Active employees	876
Total	1,288

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the South San Francisco Classroom Teachers Association (SSFCTA) the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2020, the District paid $741,123 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $28,445,608 was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	2.20	percent
Healthcare cost trend rates	4.00	percent for 2020

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	$ 23,589,403
Service cost	1,488,745
Interest	838,712
Differences between expected and actual experience	(3,669,686)
Changes of assumptions or other inputs	6,939,557
Benefit payments	(741,123)
Net change in total OPEB liability	4,856,205
Balance, June 30, 2020	$ 28,445,608

Changes to the benefit terms: No changes to the benefits terms noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.20 percent in 2020 and implicit rate subsidy from 27.7 percent in 2019 to 55.0 percent in 2020.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	$ 33,677,847
Current discount rate (2.20%)	28,445,608
1% increase (3.20%)	24,297,575

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 23,561,917
Current healthcare cost trend rate (4.00%)	28,445,608
1% increase (5.00%)	34,944,940

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

For the year ended June 30, 2020, the District recognized OPEB expense of $2,026,584. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,295,228
Changes of assumptions	7,052,168	-
Total	$ 7,052,168	$ 3,295,228

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 440,250
2022	440,250
2023	440,250
2024	440,250
2025	440,250
Thereafter	1,555,690
Total	$ 3,756,940

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, 2018 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.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. 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.

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $545,362 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.0.1464 percent, and 0.1490 percent, resulting in a net decrease in the proportionate share of 0.0026 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of ($24,845).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 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, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 595,115
Current discount rate (3.50%)	545,362
1% increase (4.50%)	499,618

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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 511,168
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	545,362
1% increase (4.7% Part A and 5.1% Part B)	613,666

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 28,981	$ -	$ -	$ 28,981
Stores inventories	55,196	-	76,690	131,886
Prepaid expenditures	115,831	-	1,485	117,316
Total nonspendable	200,008	-	78,175	278,183
Restricted				
Legally restricted programs	11,051,683	-	2,794,738	13,846,421
Food service	-	-	938,115	938,115
Capital projects	-	-	10,526,192	10,526,192
Debt services	-	-	7,589,310	7,589,310
Total restricted	11,051,683	-	21,848,355	32,900,038
Assigned				
STRS/PERS Increases:2023-24	241,000	-	-	241,000
STRS/PERS Increases:2024-25	525,000	-	-	525,000
Property tax replayment litigation	8,500,000	-	-	8,500,000
Dual immersion program	550,000	-	-	550,000
2 Athletic Trainers- HS Football	220,000	-	-	220,000
PCRC - CIS Program Costs	150,000	-	-	150,000
Staffing - Nurse	108,473	-	-	108,473
Staffing - Health technicians	176,565	-	-	176,565
School logo change	100,000	-	-	100,000
Carryover- Site discretionary funds	188,004	-	-	188,004
Carryover - Site LCAP funds	246,245	-	-	246,245
Carryover - Needs assessments	187,128	-	-	187,128
Carryover - One-time Special Ed. Grant	166,771	-	-	166,771
Deferred maintenance	12,273,911	-	-	12,273,911
Other assigned	15,882,528	-	-	15,882,528
Future projects	-	3,467,024	-	3,467,024
Total assigned	39,515,625	3,467,024	-	42,982,649
Unassigned				
Reserve for economic uncertainties	5,682,333	-	-	5,682,333
Remaining unassigned	11,601,488	-	-	11,601,488
Total unassigned	17,283,821	-	-	17,283,821
Total	$ 68,051,137	$ 3,467,024	$ 21,926,530	$ 93,444,691

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with San Mateo County Schools Insurance Group risk pool for property and liability insurance coverage.

Workers' Compensation

For fiscal year 2020, the District participated in San Mateo County Schools Insurance Group (SMCSIG) entity risk pool. The intent of SMCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SMCSIG. The workers' compensation experience of the participating district is calculated as one experience and a common premium rate is applied to all districts in the SMCSIG. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the California Public Employees' Retirement System (CalPERS) to provide employee medical insurance and San Mateo County Schools Insurance Group (SMCSIG) for dental and vision benefits. CalPERS and SMCSIG are shared risk pools. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts.

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 74,767,499	$ 21,038,305	$ 5,680,962	$ 9,489,689
CalPERS	34,596,810	8,101,176	600,879	5,901,804
Total	$ 109,364,309	$ 29,139,481	$ 6,281,841	$ 15,391,493

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	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%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $8,235,843.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 74,767,499
State’s proportionate share of the net pension liability	40,790,662
Total	$ 115,558,161

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0828 percent and 0.0830 percent, resulting in a net decrease in the proportionate share of 0.0002 percent.

For the year ended June 30, 2020, the District recognized pension expense of $9,489,689. In addition, the District recognized pension expense and revenue of $6,074,609 for support provided by the State. At June 30,2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,235,843	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,157,260	694,034
Differences between projected and actual earnings on pension plan investments	-	2,880,067
Differences between expected and actual experience in the measurement of the total pension liability	188,748	2,106,861
Changes of assumptions	9,456,454	-
Total	$ 21,038,305	$ 5,680,962

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (290,504)
2022	(2,286,434)
2023	(474,698)
2024	171,569
Total	$ (2,880,067)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 2,339,877
2022	2,339,877
2023	2,576,175
2024	2,896,685
2025	64,183
Thereafter	(215,230)
Total	$ 10,001,567

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 111,334,995
Current discount rate (7.10%)	74,767,499
1% increase (8.10%)	44,446,081

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $3,648,465.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,596,810. The net pension liability was measured as of June 30, 2099. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.1187 percent and 0.1205 percent, resulting in a net decrease in the proportionate share of 0.0018 percent.

For the year ended June 30, 2020, the District recognized pension expense of $5,901,804. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,648,465	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	292,678	279,987
Differences between projected and actual earnings on pension plan investments	-	320,892
Differences between expected and actual experience in the measurement of the total pension liability	2,513,117	-
Changes of assumptions	1,646,916	-
Total	$ 8,101,176	$ 600,879

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 316,756
2022	(632,709)
2023	(95,879)
2024	90,940
Total	-$ 320,892

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 2,751,225
2022	1,075,352
2023	314,681
2024	31,466
Total	$ 4,172,724

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 49,869,028
Current discount rate (7.15%)	34,596,810
1% increase (8.15%)	21,927,452

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,260,715 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on behalf of school employers of $1.1 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions have been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule.

Note 15 - Commitments and Contingencies

Grants

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

Litigation

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

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) and California Public Employees' Retirement System (CalPERS) public entity risk pools. The District pays an annual premium to be applicable entity for its workers' compensation, property and liability, and health coverage. The relationship between the District and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2020, the District made payments of $3,626,053 and $8,511,084 to SMCSIG and CalPERS, respectively.

Note 17 - Subsequent Events

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

Required Supplementary Information
June 30, 2020

South San Francisco Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 93,854,315	$ 103,485,935	$ 107,828,877	$ 4,342,942
Federal sources	3,424,042	4,586,162	3,572,208	(1,013,954)
Other State sources	6,556,916	7,864,619	8,783,663	919,044
Other local sources	2,612,089	6,039,681	7,327,381	1,287,700
Total revenues [1]	106,447,362	121,976,397	127,512,129	5,535,732
Expenditures				
Current				
Certificated salaries	46,001,387	47,576,347	47,602,168	(25,821)
Classified salaries	15,805,959	16,180,606	16,141,460	39,146
Employee benefits	24,714,223	26,526,182	28,087,053	(1,560,871)
Books and supplies	4,976,151	12,888,900	2,861,991	10,026,909
Services and operating expenditures	13,172,698	14,218,773	13,107,702	1,111,071
Other outgo	25,136	374,134	5,639,984	(5,265,850)
Capital outlay	3,673,035	3,429,324	122,987	3,306,337
Debt service				
Debt service - principal	-	-	195,000	(195,000)
Debt service - interest and other	-	-	78,886	(78,886)
Total expenditures [1]	108,368,589	121,194,266	113,837,231	7,357,035
Excess (Deficiency) of Revenues Over Expenditures	(1,921,227)	782,131	13,674,898	12,892,767
Other Financing Sources (Uses)				
Transfers in	13,301	13,301	13,301	-
Transfers out	(1,000,000)	(1,613,138)	(1,654,563)	(41,425)
Net financing uses	(986,699)	(1,599,837)	(1,641,262)	(41,425)
Net Change in Fund Balances	(2,907,926)	(817,706)	12,033,636	12,851,342
Fund Balance - Beginning	56,017,501	56,017,501	56,017,501	-
Fund Balance - Ending	$ 53,109,575	$ 55,199,795	$ 68,051,137	$ 12,851,342

[1] On behalf payment of $1,429,187, relating to Senate Bill 90, are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,488,745	$ 1,334,664	$ 1,298,943
Interest	838,712	752,163	763,324
Difference between expected and actual experience	(3,669,686)	-	-
Changes of assumptions	6,939,557	1,033,908	-
Benefit payments	(741,123)	(708,733)	(681,474)
Net change in total OPEB liability	4,856,205	2,412,002	1,380,793
Total OPEB Liability - Beginning	23,589,403	21,177,401	19,796,608
Total OPEB Liability - Ending	$ 28,445,608	$ 23,589,403	$ 21,177,401
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1464%	0.1490%	0.1456%
Proportionate share of the net OPEB liability	$ 545,362	$ 570,207	$ 612,550
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] 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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0828%	0.0830%	0.0804%	0.0766%	0.0782%	0.0790%
Proportionate share of the net pension liability	$ 74,767,499	$ 76,279,006	$ 74,375,113	$ 61,926,585	$ 52,680,238	$ 46,177,004
State's proportionate share of the net pension liability	40,790,662	43,673,298	43,999,689	35,253,700	27,682,039	27,883,669
Total	$ 115,558,161	$ 119,952,304	$ 118,374,802	$ 97,180,285	$ 80,362,277	$ 74,060,673
Covered payroll	$ 45,702,187	$ 44,523,105	$ 43,383,029	$ 38,347,651	$ 36,515,800	36,404,423
Proportionate share of the net pension liability as a percentage of its covered payroll	163.60%	171.32%	171.44%	161.49%	144.27%	126.84%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.1187%	0.1205%	0.1189%	0.1155%	0.1200%	0.1136%
Proportionate share of the net pension liability	$ 34,596,810	$ 32,129,742	$ 28,378,748	$ 22,807,523	$ 17,693,320	$ 12,891,955
Covered payroll	$ 16,613,320	$ 20,092,247	$ 19,497,826	$ 18,955,097	$ 18,749,864	13,270,962
Proportionate share of the net pension liability as a percentage of its covered payroll	208.25%	159.91%	145.55%	120.32%	94.37%	97.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 8,235,843	$ 7,440,316	$ 6,424,684	$ 5,457,585	$ 4,114,703	$ 3,242,603
Less contributions in relation to the contractually required contribution	8,235,843	7,440,316	6,424,684	5,457,585	4,114,703	3,242,603
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 48,162,825	$ 45,702,187	$ 44,523,105	$ 43,383,029	$ 38,347,651	$ 36,515,800
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 3,648,465	$ 2,994,717	$ 3,120,326	$ 2,708,248	$ 2,246,179	$ 2,206,859
Less contributions in relation to the contractually required contribution	3,648,465	2,994,717	3,120,326	2,708,248	2,246,179	2,206,859
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 18,500,406	$ 16,613,320	$ 20,092,247	$ 19,497,826	$ 18,955,097	$ 18,749,864
Contributions as a percentage of covered payroll	19.721%	18.0260%	15.5300%	13.8900%	11.8500%	11.7700%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

These scheduled present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

- *Changes in Benefit Terms* – There were no changes to benefit terms.
- *Changes of Assumptions* – The discount rate changed from 3.50 percent to 2.20 percent since the previous valuation. The implicit rate subsidy assumption was increased from 27.7 percent to 55.0 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

South San Francisco Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE)			
Adult Basic Education and ESL	84.002A	14508	$ 90,400
Adult Secondary Education	84.002	13978	58,850
English Literacy and Civics Education	84.002A	14109	14,030
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	50,984
Title I, Part A - Basic Grants, Low Income and Neglected	84.010	14329	662,535
Title I, Part C, Migrant Eudcation (Regular and Summer Program)	84.011	14326	73,974
Title I, Migrant Ed Summer Program	84.011	10005	16,106
Title II, Part A, Supporting Effective Instruction	84.367	14341	185,151
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	63,252
Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424	15391	434,545
Title III, Immigrant Education Program	84.365	15146	43,373
Title III, English Learner Student Program	84.365	14346	195,235
Passed through San Mateo County Office of Education			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,661,161
Preschool Grants, Part B, Sec 619	84.173	13430	54,593
Preschool Staff Development, Part B, Sec 619	84.173A	13431	488
Total Special Education Cluster			1,716,242
Passed through California Department of Rehabilitation			
Workability II - Transition Partnership	84.126	10006	130,811
Total U.S. Department of Education			3,735,488
Passed through CDE			
Child Care and Development Fund Cluster			
Federal Child Care, Center Based	93.575	15136	81,162
Federal Child Care, Matching Funds	93.596	13609	37,262
Subtotal Child Care and Development Fund Cluster			118,424
Total U.S. Department of Health and Human Services			118,424
U.S. DEPARTMENT OF INTERIOR			
Payments in Lieu of Taxes	15.226	[1]	459
Total U.S. Department of Interior			459
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
Especially Needy Breakfast Program	10.553	13526	350,477
National School Lunch Program	10.555	13524	1,076,719
Commodities	10.555	13524	254,591
Subtotal Child Nutrition Cluster			1,681,787
Child and Adult Care Food Program	10.558	13393	55,079
Total U.S. Department of Agriculture			1,736,866
Total Expenditures of Federal Awards			$ 5,591,237

ORGANIZATION

The South San Francisco Unified School District was unified on July 1, 1960, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, two comprehensive high schools, and one continuation school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mrs. Patricia A. Murray	President	2020
Mr. Eddie Flores	Vice President	2022
Mr. John Baker	Clerk	2022
Mrs. Daina R. Lujan	Member	2020
Mrs. Mina A. Richardson	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Shawnterra Moore	Superintendent
Mr. Ted O	Assistant Superintendent, Business Services
Mr. Keith Irish	Assistant Superintendent, Educational Services
Dr. Jay Spaulding	Assistant Superintendent, Human Resources and Student Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,456.76	2,456.76
Fourth through sixth	1,757.72	1,757.72
Seventh and eighth	1,226.09	1,226.09
Ninth through twelfth	2,410.06	2,410.06
Total Regular ADA	7,850.63	7,850.63
Extended Year Special Education		
Fourth through sixth	8.00	8.00
Seventh and eighth	14.25	14.25
Ninth through twelfth	58.87	58.87
Total Extended Year Special Education	81.12	81.12
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.92	1.92
Fourth through sixth	4.61	4.61
Seventh and eighth	2.96	2.96
Ninth through twelfth	10.05	10.05
Total Special Education, Nonpublic, Nonsectarian Schools	19.54	19.54
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.50	2.50
Fourth through sixth	2.99	2.99
Seventh and eighth	3.23	3.23
Ninth through twelfth	8.84	8.84
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	17.56	17.56
Community Day School		
Seventh and eighth	0.75	0.75
Ninth through twelfth	6.19	6.19
Total Community Day School	6.94	6.94
Total ADA	7,975.79	7,975.79

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	43,580	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,705	180	N/A	Complied
Grade 2		53,705	180	N/A	Complied
Grade 3		53,705	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,005	180	N/A	Complied
Grade 5		54,005	180	N/A	Complied
Grade 6		61,925	180	N/A	Complied
Grade 7		61,925	180	N/A	Complied
Grade 8		61,925	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,180	180	N/A	Complied
Grade 10		65,180	180	N/A	Complied
Grade 11		65,180	180	N/A	Complied
Grade 12		65,180	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 109,480,092	$ 122,713,625	$ 110,886,202	$ 103,359,424
Other sources	13,301	13,301	13,301	13,301
Total Revenues and Other Sources	109,493,393	122,726,926	110,899,503	103,372,725
Expenditures	114,244,261	111,992,087	108,542,658	103,194,814
Other uses and transfers out	1,000,000	1,654,563	2,280,349	3,932,618
Total Expenditures and Other Uses	115,244,261	113,646,650	110,823,007	107,127,432
Increase/(Decrease) in Fund Balance	(5,750,868)	9,080,276	76,496	(3,754,707)
Ending Fund Balance	$ 34,104,599	$ 39,855,467	$ 30,775,191	$ 30,698,695
Available Reserves [2]	$ 11,606,501	$ 17,283,821	$ 12,787,325	$ 9,583,501
Available Reserves as a Percentage of Total Outgo	10.07%	15.21%	11.54%	8.95%
Long-Term Liabilities	N/A	$ 321,986,414	$ 319,420,290	$ 314,533,740
K-12 Average Daily Attendance at P-2	7,736	7,976	8,174	8,349

The General Fund balance has increased by $9,080,276 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $5,750,868 (14.4 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $7,452,674 over the past two years.

Average daily attendance has decreased by 373 over the past two years. Additional decline of 240 ADA is expected in fiscal year 2020-2021.

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[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund and the Fund 17, Special Reserve Fund for Other than Capital Outlay Project as required by GASB Statement No. 54.

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Assets									
Deposits and investments	$ 1,603,109	$ 1,108,631	$ 702,772	$ 5,828,729	$ 4,582,293	$ 7	$ 7,469,534	$ 94,542	$ 21,389,617
Receivables	199,324	208,723	343,326	23,446	209,103	-	25,234	-	1,009,156
Due from other funds	17,417	109,223	74,880	-	-	-	-	-	201,520
Prepaid expenditures	-	-	1,485	-	-	-	-	-	1,485
Stores inventories	-	-	76,690	-	-	-	-	-	76,690
Total assets	$ 1,819,850	$ 1,426,577	$ 1,199,153	$ 5,852,175	$ 4,791,396	$ 7	$ 7,494,768	$ 94,542	$ 22,678,468
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 416	$ 5,601	$ 17,854	$ 115,259	$ -	$ -	$ -	$ -	$ 139,130
Due to other funds	69,604	47,051	164,126	2,127	-	-	-	-	282,908
Unearned revenue	-	329,017	883	-	-	-	-	-	329,900
Total liabilities	70,020	381,669	182,863	117,386	-	-	-	-	751,938
Fund Balances									
Nonspendable	-	-	78,175	-	-	-	-	-	78,175
Restricted	1,749,830	1,044,908	938,115	5,734,789	4,791,396	7	7,494,768	94,542	21,848,355
Total fund balances	1,749,830	1,044,908	1,016,290	5,734,789	4,791,396	7	7,494,768	94,542	21,926,530
Total liabilities and fund balances	$ 1,819,850	$ 1,426,577	$ 1,199,153	$ 5,852,175	$ 4,791,396	$ 7	$ 7,494,768	$ 94,542	$ 22,678,468

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues									
Local Control Funding Formula	$ 160,699	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 160,699
Federal sources	163,280	118,424	1,736,866	-	-	-	459	-	2,019,029
Other State sources	1,199,703	740,290	112,731	-	-	-	32,962	-	2,085,686
Other local sources	69,217	2,397,202	723,553	114,241	1,265,780	3	9,601,598	2,990	14,174,584
Total revenues	1,592,899	3,255,916	2,573,150	114,241	1,265,780	3	9,635,019	2,990	18,439,998
Expenditures									
Current									
Instruction	810,885	1,986,936	-	-	-	-	-	-	2,797,821
Instruction-related activities									
Supervision of instruction	115,332	593	-	-	-	-	-	-	115,925
School site administration	475,742	806,447	-	-	-	-	-	-	1,282,189
Pupil services									
Food services	-	-	3,452,670	-	-	-	-	-	3,452,670
All other pupil services	66	-	-	-	-	-	-	-	66
Administration									
All other administration	44,150	95,083	90,178	-	-	-	-	-	229,411
Plant services	144,789	75,921	-	539,582	87,875	-	-	-	848,167
Facility acquisition and construction	-	-	-	123,259	-	-	-	-	123,259
Debt service									
Principal	-	-	-	-	-	-	100,000	3,175,000	3,275,000
Interest and other	-	-	-	-	-	-	5,068,237	915,962	5,984,199
Total expenditures	1,590,964	2,964,980	3,542,848	662,841	87,875	-	5,168,237	4,092,662	18,110,407
Excess (Deficiency) of Revenues Over Expenditures	1,935	290,936	(969,698)	(548,600)	1,177,905	3	4,466,782	(4,089,672)	329,591
Other Financing Sources (Uses)									
Transfers in	-	41,425	74,585	-	-	-	-	4,084,466	4,200,476
Transfers out	-	(13,301)	-	-	-	-	(4,084,466)	-	(4,097,767)
Net Financing Sources (Uses)	-	28,124	74,585	-	-	-	(4,084,466)	4,084,466	102,709
Net Change in Fund Balances	1,935	319,060	(895,113)	(548,600)	1,177,905	3	382,316	(5,206)	432,300
Fund Balance - Beginning	1,747,895	725,848	1,911,403	6,283,389	3,613,491	4	7,112,452	99,748	21,494,230
Fund Balance - Ending	$ 1,749,830	$ 1,044,908	$ 1,016,290	$ 5,734,789	$ 4,791,396	$ 7	$ 7,494,768	$ 94,542	$ 21,926,530

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the South San Francisco Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the South San Francisco Unified School District, it is not intended to and does not present the financial position of South San Francisco Unified School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District did not report any commodities as inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at 1986-1987 requirements, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 48 days due to the pandemic. As a result, the District received credit for these 48 days in meeting the instructional time requirements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2020

South San Francisco Unified School District

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

To the Board of Directors
South San Francisco Unified School District
South San Francisco, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South San Francisco Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise South San Francisco Unified School District's basic financial statements and have issued our report thereon dated January 4, 2021.

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

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

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

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

We noted certain matters that we reported to management of South San Francisco Unified School District in a separate letter dated January 4, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 4, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
South San Francisco Unified School District
South San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited South San Francisco 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 South San Francisco Unified School District's major federal programs for the year ended June 30, 2020. South San Francisco 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 South San Francisco 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 South San Francisco 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 South San Francisco Unified School District's compliance.

Opinion on Each Major Federal Program

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

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Report on Internal Control over Compliance
Management of South San Francisco 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 South San Francisco 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 the South San Francisco 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 a 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 4, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
South San Francisco Unified School District
South San Francisco, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

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

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

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

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

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

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

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

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

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
January 4, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

South San Francisco Unified School District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Special Education (IDEA) Cluster	84.027, 84.173, and 84.173A

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2019-001 30000

Criteria or Specific Requirements

Under the modified basis of accounting used for governmental funds, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. In addition, the application of the completeness assertion in financial statements generally requires management to record all assets and liabilities that should have been included as ending balances on the financial statements.

Condition

The following conditions were identified:

1) The District over-reported year-end unearned revenue in the amount of $41,319. Specifically, the amount in question was associated with the State's categorial aid recorded in the District's Child Development Fund.
2) The District under-reported year-end accrued liabilities in the amount of $346,081. Specifically, the amounts in question were associated with goods received or services rendered but not paid related to the District's Cafeteria Fund ($15,481) and Special Reserve Fund for Capital Outlay Projects ($330,600).
3) The District did not correctly report year-end inventory balances related to the District's Cafeteria Fund. As a result, reported inventory balance at year-end was understated by $62,507.

Questioned costs

There were no questioned costs associated with the condition identified.

Context

The condition related to differences in liabilities were identified during the course of performing our audit procedures designed to identify unrecorded revenues and expenditures.

Additionally, the condition related to inventory was identified during the course of performing our audit procedures to substantiate balances recorded on the District's Unaudited Actuals.

Effect

The effect of the items identified above on the ending fund balances of the District's Child Development Fund and Cafeteria Fund resulted in increases to the ending fund balance of $41,419 and $47,206, respectively. Additionally, the District's Special Reserve Fund for Capital Outlay Projects balance decreased by $330,600 in comparison to the reported balances on the District's Unaudited Actuals as of June 30, 2019.

Cause

The cause appears to be the deficiency in the District' internal control and review system as it was not able to prevent the misstatement to the financial statement.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all invoices, deposits, and balances during its year-end closing process to determine the proper cut-off period.

Repeat Finding (Yes or No)

No

Current status

Implemented.

2019-002 30000

Vacation/Sick Time Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such procedures should ensure that sick/vacation days are properly tracked and reported to reduce the possibility of employees receiving benefits that are in excess of what they are entitled to.

Condition

Currently, the District utilizes manual time cards to approve the vacation/sick time for the employees. Due to the large volume of these documents, the manual time cards that are intended to track and document employee sick/vacation days are not sent to the District's payroll department in a timely manner. Due to this condition, many employees are granted vacation/sick time without proper approval or verification that the employees have sufficient balance on their vacation/sick time.

Questioned Costs

There were no question costs associated with the condition identified.

Context

The condition identified resulted from our review of procedures over sick/vacation usage and accruals.

Effect

The District can potentially over-compensate employees as a result of the District being unable to identify employees that have exhausted all of their sick/vacation days. We observed over-payment to employees ranging from $293 to $4,394 linked to this condition.

Cause

While there are systems in place to substitute manual time sheets, the District has not fully implemented its usage. Additionally, much of the exceptions are as a result of sites and various departments liberally following established payroll procedures which require manual time sheets to be remitted in a timely manner.

Recommendation

In order to ensure accuracy and completeness of the sick/vacation time records, it is encouraged that the District records the sick/vacation time cards using an automated system. This would assist in preventing any employees to use vacation/sick time in excess of accrued amounts.

Repeat Finding (Yes or No)

No.

Current status

Implemented.

State Compliance Findings

Attendance

2019-003 10000

Criteria or Specific Requirements

Pursuant to California Education Code Section 42238.02, the Second Principal (P2) and Annual attendance reports submitted to the California Department of Education must reconcile back to supporting documents that the Local Educational Agency (LEA) has prepared in connection with the calculation of its Average Daily Attendance (ADA) reported on each of the reporting line items.

Condition

The District reported the following numbers on its Second Period and Annual attendance reports:

	Second Period (P2)	Annual
Extended Year Special Education		
Fourth through sixth	8.13	8.13
Seventh through eighth	15.75	15.75
Ninth through twelfth	59.50	59.50
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	6.67	6.67
Seventh through eighth	1.94	1.94
Ninth through twelfth	8.22	8.22
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	5.87	5.87
Seventh through eighth	2.00	2.00
Ninth through twelfth	4.57	4.57

However, the District did not have supporting documents to substantiate that the ADA reported is accurate.

Questioned Costs

There were no questioned costs associated with the condition identified. Additionally, the District is a basic aid District and as a result, there was no impact on current year’s revenues.

Context

The condition was identified during our review of the District's P2 and Annual attendance reports. Cumulative attendance summary reports supporting each of the reported line items were generated from the District's attendance system and the reports were compared with spreadsheets used by the District to prepare its P2 and Annual attendance reports.

Effect

The following summary of overstatements were noted on the District's Period 2 and Annual attendance reports:

- Extended Year Special Education: 83.83 ADA
- Special Education, Nonpublic, Nonsectarian Schools: 16.83 ADA
- Extended Year Special Education, Nonpublic, Nonsectarian Schools: 12.44 ADA

Since the District is a basic aid District, there was no impact on current year's revenues.

Cause

The cause of the condition identified materialized due to a sudden departure of an employee that was responsible for accumulating and compiling the District attendance reports. Additionally, the abrupt transition of responsibility combined with inadequate training did not allow the newly designated employee to properly prepare the attendance reports.

Recommendation

Since there was a significant shift in personnel that's responsible for attendance reporting, we recommend the District to consider engaging a third party to provide meaningful attendance training. Additionally, the District should consider training a secondary/alternate employee to ensure the continuity of attendance reporting in situations where the primary employee cannot perform the task.

Repeat Finding (Yes or No)

No.

Current status

Implemented.

Unduplicated Local Control Funding Formula Pupil Counts

2019-004 40000

Criteria or Specific Requirements

Per California Education Code Section 42238.02(b)(4), Local Educational Agencies (LEAs) should revise their submitted data on English learners, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of information reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

It appears that the District erroneously classified a total of 40 students as having English learner designations.

Questioned Costs

The questioned costs associated with this condition resulted in a decrease of $20,969 in the Local Control Funding Formula (LCFF). The auditor was able to determine the penalty by recalculating the LCFF funding formula excluding 40 students.

Context

The condition was identified as a result of selecting a sample of students from the "1.18-FRPM/English Learner/Foster Youth – Student List" CALPADS report in accordance to the Standards and Procedures for Audits of California K-12 Local Education Agencies 2018-2019 Section 19849(a)(1). The initial sample was selected from five school sites, which resulted in exceptions noted for two of these sites. Specifically based on the review of supporting documentation it was identified that ten students had already been predesignated fluent English proficient. It appears the District did not upload the appropriate information to have CALPADS be updated. The auditor requested a full list of all students who were re-designated to English proficient but still having the English learner eligibility on the CALPADS report. The District's search criteria yielded a total of 40 students that were incorrectly designated as having "1.18 – English Learner – Student List" report.

Effect

As a result of our testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report for pupils that did not have documentation supporting a "Free" or "Reduced" designation on the "1.18 – FRPM/English Learner/Foster Youth-Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Adjustment by Auditor	Adjusted Total Unduplicated Pupil Count	Total Adjusted Enrollment
8,485	4,134	(40)	4094	8,485

Cause

The cause is unknown.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received. In addition, the District should identify and evaluate key CALPADS calendar dates to ensure that appropriate and necessary measure are taking place to ensure that CALPADS information is being updated.

Repeat Finding (Yes or No)

No.

Current status

Implemented.

Management
South San Francisco Unified School District
South San Francisco, California

In planning and performing our audit of the financial statements of South San Francisco Unified School District (the District) for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 4, 2021 on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY

South San Francisco Unified School District

Observation

Cash collected by teachers, advisors, clubs is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. All of the deposits tested did not have sufficient support or a paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Observation

Based on the review of the cash receipting procedures, it was noted that three of five deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 12 to 14 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB's should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

Observation

ASB disbursements were being made without explicit receiving documentation for goods being ordered. As a result, six of 18 vendor invoices were paid without the direct knowledge of whether or not the goods being ordered have been received by the ASBs.

Recommendation

All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Observation

Based on the review of the disbursement procedures it was noted that three of 18 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

Observation

Based on the review of the disbursement procedures, it was noted that three of 18 transactions reviewed did not have the required three approval signatures signifying that the payment can be made.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursements are authorized by three individuals (ASB advisor, student body representative, and an administrator). This would allow the reviewing administrator and/or the student council to determine if the payment being made is appropriate and to determine if sufficient funding is available to finance the payment.

Observation

Revenue potential forms are not consistently being completed for fundraising events and/or fundraising events are not being approved prior to the event taking place. Through testing, it was noted that some revenue potential forms used for fundraising events were not completed with respect to anticipated and/or actual income and expense. As a result, expected versus actual results cannot be measured to determine whether or not the fundraiser was successful or any losses have occurred.

Recommendation

The District should require all completed revenue potential forms to be forwarded to the District office to be reviewed. A third party review of completed revenue potential forms would ensure that the ASBs are adequately monitoring the profitability and accountability of their fundraising events. Moreover, by documenting the revenues from each fundraising event and reconciling the amount of actual cash collected provides a method to verify that all revenues are deposited intact. Review and approving the fundraising events is an important control activity to prevent any potential unacceptable ASB activity. All fundraising events should be approved by either the ASB student council or site administrator(s) prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting.

Observation

A physical inventory is not performed. In addition, a perpetual inventory is not maintained.

Recommendation

At minimum, physical counts of inventory should be taken annually. It is encouraged that sites quarterly perform physical counts. In addition, to prevent the loss or the misappropriation of assets, the site should reconcile the physical inventory count to a perpetual inventory of items available for sale. A perpetual inventory tracks beginning inventory, purchases and other additions to inventory and total number of items sold based on daily sales and receipts. The site should also establish a procedure to investigate any significant differences noted between the actual physical inventory counts and the perpetual inventory count. This information is necessary to analyze sales activity and applicable profit or loss and to determine if merchandise has been lost or stolen.

Observation

A master ticket log is not being used by the sites to account for all tickets on hand and used during the year. In addition, a ticket sales recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket.

Recommendation

A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site because these tickets could be presented for admission rather than an individual paying for admission. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

Parkway Heights Middle School

Observation

Cash collected by teachers, advisors, clubs is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. All of the deposits tested did not have sufficient support or a paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Observation

Based on the review of the cash receipting procedures, it was noted that one of four deposits tested were not deposited in a timely manner. Delay in deposit was approximately over 20 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB's should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

Observation

Based on the review of the disbursement procedures, it was noted that three of seven transactions reviewed did not have the required three approval signatures signifying that the payment can be made.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursements are authorized by three individuals (ASB advisor, student body representative, and an administrator). This would allow the reviewing administrator and/or the student council to determine if the payment being made is appropriate and to determine if sufficient funding is available to finance the payment.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
January 4, 2021