



Financial Statements
June 30, 2021

South San Francisco
Unified School District

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	21
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	65
Budgetary Comparison Schedule – Cafeteria Fund	66
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	67
Schedule of District's Proportionate Share of net OPEB Liability – MPP Program	68
Schedule of the District's Proportionate Share of the Net Pension Liability	69
Schedule of the District Contributions	70
Notes to Required Supplementary Information	71
Supplementary Information	
Schedule of Expenditures of Federal Awards	73
Local Education Agency Organization Structure	75
Schedule of Instructional Time	76
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	77
Schedule of Financial Trends and Analysis	78
Combining Balance Sheet – Non-Major Governmental Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	81
Notes to Supplementary Information	83
Independent Auditor's Reports	
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 <i>Government Auditing Standards</i>	85
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	87
Independent Auditor's Report on State Compliance	89

Schedule of Findings and Questioned Costs

Summary of Auditor's Results	92
Financial Statement Findings	93
Federal Awards Findings and Questioned Costs	94
State Compliance Findings and Questioned Costs	95
Summary Schedule of Prior Audit Findings.....	96



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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 17 to the financial statements, South San Francisco Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 65 and 66, schedule of changes in the District's total OPEB liability and related ratios on page 67, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 68, schedule of the District's proportionate share of the net pension liability on page 69, and the schedule of District contributions on page 70, 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 non-major governmental funds 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 non-major governmental funds 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 non-major governmental funds financial statements, 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 December 17, 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.

A handwritten signature in cursive script that reads "Erik Bailly LLP".

Rancho Cucamonga, California
December 17, 2021



SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

SUPERINTENDENT

Shawnterra Moore, Ed.D.

BOARD OF TRUSTEES

John C. Baker
Chialin Hsieh
Daina R. Lujan
Patricia A. Murray
Mina A. Richardson

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, 2020, with comparative information for the year ending June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the 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), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for governmental activities.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified 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, deferred outflows, liabilities, and deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

In the *Statement of Net Position* and the *Statement of Activities*, 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.

FINANCIAL HIGHLIGHTS

Total Net Position decreased 33.1 percent over the course of the year. Overall revenues were \$160,182,190, \$7,516,584 less than expenses. The total cost of basic programs was \$167,698,774.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was \$15,167,234 for the fiscal year ended June 30, 2021. Of this amount, \$(51,956,973) was unrestricted (deficit). 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	
	2021	2020 as restated
Assets		
Current and other assets	\$ 120,900,153	\$ 116,059,359
Capital assets	204,214,731	207,609,505
Total assets	325,114,884	323,668,864
Deferred outflows of resources	38,623,120	36,191,649
Liabilities		
Current liabilities	7,809,962	5,613,212
Long-term liabilities	334,803,008	321,986,414
Total liabilities	342,612,970	327,599,626
Deferred inflows of resources	5,957,800	9,577,069
Net Position		
Net investment in capital assets	34,436,088	33,497,673
Restricted	32,688,119	26,013,740
Unrestricted (deficit)	(51,956,973)	(36,827,595)
Total net position	\$ 15,167,234	\$ 22,683,818

The \$(51,956,973) 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 – increased by 41.1 percent (\$(51,956,648) compared to \$(36,827,595)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	\$ 1,317,621	\$ 1,508,821
Operating grants and contributions	29,947,416	17,385,025
General revenues		
Federal and State aid not restricted	6,686,364	7,443,239
Property taxes	115,824,026	114,075,609
Other general revenues	6,406,763	8,292,160
Total revenues	<u>160,182,190</u>	<u>148,704,854</u>
Expenses		
Instruction-related	116,323,667	102,074,365
Pupil services	15,009,279	16,170,579
Administration	6,145,617	5,880,130
Plant services	12,142,744	13,153,657
All other services	18,077,467	15,954,017
Total expenses	<u>167,698,774</u>	<u>153,232,748</u>
Change in net position	<u>\$ (7,516,584)</u>	<u>\$ (4,527,894)</u>

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$167,698,774. The amount that our taxpayers ultimately financed for these activities through local taxes was only \$115,824,026. The District also collected \$1,317,621 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of \$29,947,416. We paid for the remaining "public benefit" portion of our governmental activities with \$13,093,127 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	
	2021	2020*	2021	2020*
Instruction-related	\$ 116,323,667	\$ 102,074,365	\$ 92,974,087	\$ 90,119,620
Pupil services	15,009,279	16,170,579	12,324,710	12,830,640
Administration	6,145,617	5,880,130	5,848,498	5,597,296
Plant services	12,142,744	13,153,657	10,852,306	12,900,562
All other services	18,077,467	15,954,017	14,434,136	12,890,784
Total	<u>\$ 167,698,774</u>	<u>\$ 153,232,748</u>	<u>\$ 136,433,737</u>	<u>\$ 134,338,902</u>

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$101,584,749, which is an increase of \$6,817,339 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General Fund	\$ 68,532,224	\$ 138,955,854	\$ 133,453,943	\$ 74,034,135
Student Activity Fund	841,632	321,108	387,640	775,100
Adult Education Fund	1,749,830	1,511,539	1,537,195	1,724,174
Child Development Fund	1,044,908	2,594,761	2,883,335	756,334
Cafeteria Fund	1,016,290	2,281,544	2,720,887	576,947
Building Fund	5,734,789	68,695	291,245	5,512,239
Capital Facilities Fund	4,791,396	1,268,653	14,765	6,045,284
County School Facilities Fund	7	-	-	7
Special Reserve Fund for				
Capital Outlay Projects Fund	3,467,024	2,295,348	1,358,855	4,403,517
Bond Interest and Redemption Fund	7,494,768	9,698,095	9,527,094	7,665,769
Debt Service Fund for Blended Component Units Fund	94,542	4,238,245	4,241,544	91,243
Total	<u>\$ 94,767,410</u>	<u>\$ 163,233,842</u>	<u>\$ 156,416,503</u>	<u>\$ 101,584,749</u>

The primary reasons for these increases/decreases are:

- The General Fund balance increase of \$5,501,911 is due to an overall net increase in property taxes and RDA revenue, one-time Federal and State categorical grants (i.e. ESSER Grants, Various Stimulus Grants, Medi-Cal Billing, K-12 Strong Workforce, etc.), Local Grants (Genentech, Big Lift, school donations, etc.), decrease in expenditures due to COVID-19, employee salary schedule increases, and transfers to other funds.
- Student Activity Fund balance decrease by \$66,532 due to a reduction of school fundraising activities as a result of distance learning during the pandemic.
- Child Development Fund balance decreased by \$288,574 due to a reduction of students in the afterschool childcare program because of the pandemic.
- Building Fund balance decrease of \$222,550 is due to the District's litigation cost associated with the bond funds.
- Special Reserve Fund for Capital Outlay Projects Fund balance increase of \$936,493 is due to increase RDA pass-through funds and a reduction of one-time projects (technology infrastructure, paving work, etc.)
- Adult Education Fund balance decreased by \$25,656 due to a reduction of programs during the pandemic, resulting in a decrease in local revenue.
- Cafeteria Fund decreased of \$439,343 is due to a reduction of student participation in school meals program while in distance learning during the pandemic.
- Capital Facilities Fund increase of \$1,253,888 is due to increased developer fees collected.
- Bond Interest and Redemption Fund balance increased by \$171,001. This fund is relatively stable as it serves as a holding fund.
- Debt Service Fund for Blended Component Units Fund decreased by \$3,299. 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, 2021. (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 65).

- The District received its share of the proceeds (\$147,181) from the City of South San Francisco for the sale of RDA property.
- During the year, the District received one-time Federal and State stimulus funds of over \$9 million to address the COVID-19 pandemic and its impact on students and staff.
- Contributions to Deferred Maintenance of \$3.3 million for facilities upkeep continued in 2020-2021.
- Received a donation of \$500,000 from Genentech to address the COVID-19 pandemic and provided laptops and hotspots to students during distance learning.
- Received donations of \$146,500 from Genentech partner companies to support the District's efforts to address the COVID-19 pandemic.
- District settled negotiation with its employee bargaining units in 2020-21 and provided a 3% on-going salary increase to supports its employees.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$204,214,731 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$3,394,774, or 1.6 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 11,509,748	\$ 27,238,441
Buildings and improvements	188,186,336	175,299,580
Equipment	4,518,647	5,071,484
Total	<u>\$ 204,214,731</u>	<u>\$ 207,609,505</u>

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

Long-Term Liabilities

At June 30, 2021, the District had \$334,803,008 in long-term liabilities outstanding versus \$321,986,414 last year, an increase of 4.0 percent. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 154,766,242	\$ 154,291,757
Unamortized debt premiums	8,316,107	8,736,133
Revenue bonds	12,440,000	15,935,000
Unamortized debt premiums	210,714	421,427
Lease financing	3,185,000	3,390,000
Compensated absences	895,143	856,818
Net other postemployment benefits liability	31,136,664	28,990,970
Aggregate net pension liability	123,853,138	109,364,309
Total	<u>\$ 334,803,008</u>	<u>\$ 321,986,414</u>

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 2021-2022 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. Increase in Federal and State revenues from additional one-time stimulus funds is budgeted.
4. Other revenue categories were also adjusted as grants became available from the Federal, State, and local agencies.
5. Gifts and donations are budgeted when they are received
6. General Fund contributions to Nutrition Services and Child Development Funds are budgeted.

Expenditures are based on the following forecasts:

1. Increase in employee benefits for State Teacher Retirement System (CalSTRS) from 16.15 percent to 16.92 percent; and Public Employee Retirement System (CalPERS) from 20.70 percent to 22.91 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.

South San Francisco Unified School District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Deposits and investments	\$ 97,990,490
Receivables	9,077,559
Long-term receivable	13,433,646
Prepaid expense	169,302
Stores inventories	229,156
Capital assets not depreciated	11,509,748
Capital assets, net of accumulated depreciation	<u>192,704,983</u>
Total assets	<u>325,114,884</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	6,422,496
Deferred outflows of resources related to pensions	<u>32,200,624</u>
Total deferred outflows of resources	<u>38,623,120</u>
Liabilities	
Accounts payable	4,098,059
Interest payable	1,928,204
Unearned revenue	1,783,699
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	4,455,000
Long-term liabilities other than OPEB and pensions due in more than one year	175,358,206
Net other postemployment benefits liability (OPEB)	31,136,664
Aggregate net pension liabilities	<u>123,853,138</u>
Total liabilities	<u>342,612,970</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,920,770
Deferred inflows of resources related to pensions	<u>3,037,030</u>
Total deferred inflows of resources	<u>5,957,800</u>
Net Position	
Net investment in capital assets	34,436,088
Restricted for	
Debt service	5,828,808
Capital projects	6,045,291
Educational programs	17,174,845
Other restrictions	3,639,175
Unrestricted	<u>(51,956,973)</u>
Total net position	<u>\$ 15,167,234</u>

South San Francisco Unified School District

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
				Governmental Activities
Governmental Activities				
Instruction	\$ 96,059,307	143,076	\$ 20,106,246	\$ (75,809,985)
Instruction-related activities				
Supervision of instruction	6,443,803	19,575	979,653	(5,444,575)
Instructional library, media, and technology	3,427,837	833	290,437	(3,136,567)
School site administration	10,392,720	58,687	1,751,073	(8,582,960)
Pupil services				
Home-to-school transportation	588,437	-	-	(588,437)
Food services	2,763,358	185,635	1,284,400	(1,293,323)
All other pupil services	11,657,484	909	1,213,625	(10,442,950)
Administration				
Data processing	150,819	-	-	(150,819)
All other administration	5,994,798	12,311	284,808	(5,697,679)
Plant services	12,142,744	25,132	1,265,306	(10,852,306)
Ancillary services	387,640	-	321,108	(66,532)
Community services	51,911	-	-	(51,911)
Interest on long-term liabilities	5,886,997	-	-	(5,886,997)
Other outgo	11,750,919	871,463	2,450,760	(8,428,696)
Total governmental activities	<u>\$ 167,698,774</u>	<u>\$ 1,317,621</u>	<u>\$ 29,947,416</u>	<u>(136,433,737)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				104,889,730
Property taxes, levied for debt service				9,639,403
Taxes levied for other specific purposes				1,294,893
Federal and State aid not restricted to specific purposes				6,686,364
Interest and investment earnings				966,500
Miscellaneous				<u>5,440,263</u>
Subtotal, general revenues and subventions				<u>128,917,153</u>
Change in Net Position				(7,516,584)
Net Position - Beginning, as restated				<u>22,683,818</u>
Net Position - Ending				<u>\$ 15,167,234</u>

South San Francisco Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 69,250,057	\$ 1,699,617	\$ 5,547,233	\$ 21,493,583	\$ 97,990,490
Receivables	8,470,497	77,599	13,942	515,521	9,077,559
Due from other funds	1,487,872	7,793	650	509,393	2,005,708
Prepaid expenditures	164,258	-	325	4,719	169,302
Stores inventories	66,185	162,971	-	-	229,156
Total assets	\$ 79,438,869	\$ 1,947,980	\$ 5,562,150	\$ 22,523,216	\$ 109,472,215
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,856,714	\$ 40,581	\$ 49,911	\$ 150,853	\$ 4,098,059
Due to other funds	125,960	1,329,569	-	550,179	2,005,708
Unearned revenue	1,422,060	883	-	360,756	1,783,699
Total liabilities	5,404,734	1,371,033	49,911	1,061,788	7,887,466
Fund Balances					
Nonspendable	259,818	162,971	325	5,119	428,233
Restricted	17,174,845	383,967	5,511,914	17,057,511	40,128,237
Assigned	35,903,630	30,009	-	4,398,798	40,332,437
Unassigned	20,695,842	-	-	-	20,695,842
Total fund balances	74,034,135	576,947	5,512,239	21,461,428	101,584,749
Total liabilities and fund balances	\$ 79,438,869	\$ 1,947,980	\$ 5,562,150	\$ 22,523,216	\$ 109,472,215

South San Francisco Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 101,584,749

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	\$ 341,840,872
Accumulated depreciation is	<u>(137,626,141)</u>

Net capital assets	204,214,731
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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.

13,433,646

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.

(1,928,204)

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 (OPEB) liability	6,422,496
Aggregate net pension liabilities	<u>32,200,624</u>

Total deferred outflows of resources	38,623,120
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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 (OPEB) liability	(2,920,770)
Aggregate net pension liabilities	<u>(3,037,030)</u>

Total deferred inflows of resources	(5,957,800)
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Aggregate net pension liabilities are not due and payable in the current period,
and is not reported as a liability in the funds.

(123,853,138)

South San Francisco Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

The District's OPEB liability is not due and payable in the current period,
and is not reported as a liability in the funds. \$ (31,136,664)

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	\$(151,139,061)
Unamortized debt premium	(8,316,107)
Revenue bonds	(12,440,000)
Unamortized debt premiums	(210,714)
Compensated absences (vacations)	(895,143)
Lease financing	(3,185,000)

In addition, capital appreciation general obligation bonds were
issued. The accretion of interest to date on the general
obligation bonds is

(3,627,181)

Total long-term liabilities (179,813,206)

Total net position - governmental activities \$ 15,167,234

South San Francisco Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 109,671,219	\$ -	\$ -	\$ 160,699	\$ 109,831,918
Federal sources	10,127,839	1,425,488	-	297,920	11,851,247
Other State sources	14,142,085	93,183	-	2,170,259	16,405,527
Other local sources	5,001,410	217,089	68,695	13,047,802	18,334,996
Total revenues	138,942,553	1,735,760	68,695	15,676,680	156,423,688
Expenditures					
Current					
Instruction	74,436,709	-	-	2,549,219	76,985,928
Instruction-related activities					
Supervision of instruction	5,645,710	-	-	115,986	5,761,696
Instructional library, media, and technology	3,294,188	-	-	-	3,294,188
School site administration	7,947,804	-	-	1,353,258	9,301,062
Pupil services					
Home-to-school transportation	199,267	-	-	-	199,267
Food services	13,172	2,631,763	-	-	2,644,935
All other pupil services	10,004,207	-	-	850	10,005,057
Administration					
Data processing	150,819	-	-	-	150,819
All other administration	5,427,172	89,124	-	138,634	5,654,930
Plant services	10,876,469	-	291,245	438,172	11,605,886
Ancillary services	-	-	-	387,640	387,640
Community services	47,361	-	-	-	47,361
Other outgo	4,939,065	-	-	1,700	4,940,765
Facility acquisition and construction	7,633,897	-	-	1,184,730	8,818,627
Debt service					
Principal	205,000	-	-	3,720,000	3,925,000
Interest and other	74,482	-	-	5,808,706	5,883,188
Total expenditures	130,895,322	2,720,887	291,245	15,698,895	149,606,349
Excess (Deficiency) of Revenues Over Expenditures	8,047,231	(985,127)	(222,550)	(22,215)	6,817,339
Other Financing Sources (Uses)					
Transfers in	13,301	545,784	-	6,251,069	6,810,154
Transfers out	(2,558,621)	-	-	(4,251,533)	(6,810,154)
Net Financing Sources (Uses)	(2,545,320)	545,784	-	1,999,536	-
Net Change in Fund Balances	5,501,911	(439,343)	(222,550)	1,977,321	6,817,339
Fund Balance - Beginning, as restated	68,532,224	1,016,290	5,734,789	19,484,107	94,767,410
Fund Balance - Ending	\$ 74,034,135	\$ 576,947	\$ 5,512,239	\$ 21,461,428	\$ 101,584,749

South San Francisco Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 6,817,339

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	\$ (12,972,343)
Capital outlays	<u>9,577,569</u>

Net expense adjustment	(3,394,774)
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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. (38,325)

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. (8,182,875)

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. (2,400,908)

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	630,739
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South San Francisco Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

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	\$ 225,000
Lease financing	205,000
Revenues bonds	3,495,000

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.

(634,548)

The collection of local obligations 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.

(4,238,232)

Change in net position of governmental activities

\$ (7,516,584)

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 high 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 a single fund category: governmental.

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.

Two funds 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 14, Deferred Maintenance Fund, and 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.

Due to implementation of GASB Statement No. 84, Fiduciary Activities, the District's Fund 73, Foundation Private-Purpose Trust Fund is consolidated into the General Fund.

As a result, the General Fund reflects an increase in fund balance of \$25,189,379.

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).

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.

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.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **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.

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).

- **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.).
- **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).

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).

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.

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

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

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

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in 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 liabilities 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 pension related items and for OPEB related items.

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' Fiduciary Net Position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. 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, 2021, 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 \$32,688,119 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

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities and trust funds from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	<u>\$ 97,990,490</u>
--------------------	----------------------

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 803,942
Cash with fiscal agent	531
Cash in revolving	29,775
Investments	<u>97,156,242</u>
Total deposits and investments	<u>\$ 97,990,490</u>

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:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Average Maturity Days</u>
First American Treasury Obligations, Class D	\$ 91,243	20
Local Agency Investment Fund	34,553	291
San Mateo County Treasury Investment Pool	<u>97,030,446</u>	661
Total	<u><u>\$ 97,156,242</u></u>	

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, 2021.

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, 2021, the District's bank balance of \$462,126 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.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
First American Treasury Obligations, Class D	\$ 91,243	\$ 91,243	\$ -
Local Agency Investment Fund	34,553	-	34,553
San Mateo County Treasury Investment Pool	97,030,446	-	97,030,446
Total	<u>\$ 97,156,242</u>	<u>\$ 91,243</u>	<u>\$ 97,064,999</u>

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

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

Note 4 - Receivables

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 3,154,696	\$ 55,777	\$ -	\$ 39,541	\$ 3,250,014
State Government					
LCFF apportionment	1,131,267	-	-	-	1,131,267
Categorical aid	2,892,108	4,083	-	33,912	2,930,103
Lottery	557,801	-	-	-	557,801
Local Government					
Interest	182,482	164	13,942	43,869	240,457
Other local sources	552,143	17,575	-	398,199	967,917
Total	<u>\$ 8,470,497</u>	<u>\$ 77,599</u>	<u>\$ 13,942</u>	<u>\$ 515,521</u>	<u>\$ 9,077,559</u>

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 \$4,238,232 were received, leaving a total balance outstanding of \$13,433,646 as of June 30, 2021.

Note 6 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,305,188	\$ -	\$ -	\$ 4,305,188
Construction in progress	22,933,253	7,841,397	(23,570,090)	7,204,560
Total capital assets not being depreciated	27,238,441	7,841,397	(23,570,090)	11,509,748
Capital assets being depreciated				
Land improvements	86,367,670	22,470,783	-	108,838,453
Buildings and improvements	204,331,584	1,990,973	-	206,322,557
Furniture and equipment	14,325,608	844,506	-	15,170,114
Total capital assets being depreciated	305,024,862	25,306,262	-	330,331,124
Total capital assets	332,263,303	33,147,659	(23,570,090)	341,840,872
Accumulated depreciation				
Land improvements	(18,414,078)	(4,152,500)	-	(22,566,578)
Buildings and improvements	(96,985,596)	(7,422,500)	-	(104,408,096)
Furniture and equipment	(9,254,124)	(1,397,343)	-	(10,651,467)
Total accumulated depreciation	(124,653,798)	(12,972,343)	-	(137,626,141)
Governmental activities capital assets, net	\$ 207,609,505	\$ 20,175,316	\$ (23,570,090)	\$ 204,214,731

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

Governmental Activities	
Instruction	\$ 11,675,109
Home-to-school transportation	389,170
All other pupil services	518,894
Plant services	389,170
Total depreciation expenses governmental activities	\$ 12,972,343

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, 2021, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Cafeteria Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,329,569	\$ 158,303	\$ 1,487,872
Cafeteria Fund	7,793	-	-	7,793
Building Fund	650	-	-	650
Non-Major Governmental Funds	117,517	-	391,876	509,393
Total	<u>\$ 125,960</u>	<u>\$ 1,329,569</u>	<u>\$ 550,179</u>	<u>\$ 2,005,708</u>

The balance of \$1,329,569 due to the General Fund from the Cafeteria Fund resulted from reimbursement of various operating costs.

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.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

Operating Transfers

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

Transfer To	Transfer From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 13,301	\$ 13,301
Cafeteria Fund	545,784	-	545,784
Non-Major Governmental Funds	<u>2,012,837</u>	<u>4,238,232</u>	<u>6,251,069</u>
Total	<u>\$ 2,558,621</u>	<u>\$ 4,251,533</u>	<u>\$ 6,810,154</u>

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to set aside redevelopment funds received for future capital outlay projects. \$ 1,754,503

The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions to compensate for deficit spending. 258,334

The General Fund transferred to the Cafeteria Fund to cover excess operating costs. 545,784

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. 4,238,232

Total \$ 6,810,154

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

Note 8 - Accounts Payable

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

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 960,155	\$ 22,301	\$ -	\$ 1,535	\$ 983,991
Materials and supplies	147,122	18,034	-	39	165,195
Services	1,027,226	150	49,911	32,177	1,109,464
Construction	946,884	-	-	107,102	1,053,986
Due to SMCOE	775,327	-	-	-	775,327
Other	-	96	-	-	96
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,856,714</u>	<u>\$ 40,581</u>	<u>\$ 49,911</u>	<u>\$ 150,853</u>	<u>\$ 4,098,059</u>

Note 9 - Unearned Revenue

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

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ -	\$ -	\$ 37,742	\$ 37,742
State categorical aid	1,422,060	-	323,014	1,745,074
Other local	-	883	-	883
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,422,060</u>	<u>\$ 883</u>	<u>\$ 360,756</u>	<u>\$ 1,783,699</u>

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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 154,291,757	\$ 699,485	\$ (225,000)	\$ 154,766,242	\$ 400,000
Unamortized debt premiums	8,736,133	-	(420,026)	8,316,107	-
Revenue bonds	15,935,000	-	(3,495,000)	12,440,000	3,850,000
Unamortized debt premiums	421,427	-	(210,713)	210,714	-
Compensated absences	856,818	38,325	-	895,143	-
Lease financing	3,390,000	-	(205,000)	3,185,000	205,000
Total	<u>\$ 183,631,135</u>	<u>\$ 737,810</u>	<u>\$ (4,555,739)</u>	<u>\$ 179,813,206</u>	<u>\$ 4,455,000</u>

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, 2020	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
06/24/2015	9/1/2040	2.00-5.00%	\$ 26,000,000	\$ 23,949,974	\$ 281,869	\$ -	\$ 24,231,843
06/21/2016	9/1/2041	2.00-5.00%	128,999,061	130,341,783	417,616	(225,000)	130,534,399
				<u>\$ 154,291,757</u>	<u>\$ 699,485</u>	<u>\$ (225,000)</u>	<u>\$ 154,766,242</u>

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 have a final maturity to occur on September 1, 2040 and interest rates ranging from 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, 2021, the principal outstanding, including accreted interest, was \$24,231,843. Unamortized premium received on issuance amounted to \$1,604,190.

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 have a final maturity which occurs on September 1, 2041 and interest rates ranging from 2.00 to 5.00 percent. A portion of the proceeds from the sale of Series C bonds were 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, 2021, the principal outstanding, including accreted interest, was \$130,534,399. Unamortized premium received on issuance amounted to \$6,711,917.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

The bonds mature through September 1, 2042 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
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	3,931,389	268,611	4,984,488	9,184,488
2026	4,102,405	427,596	4,984,488	9,514,489
2027-2031	24,342,298	3,242,702	24,493,238	52,078,238
2032-2036	41,060,150	1,039,849	19,235,162	61,335,161
2037-2041	63,925,000	-	8,741,288	72,666,288
2042-2043	15,405,000	-	250,328	15,655,328
Total	<u>\$ 154,766,242</u>	<u>\$ 4,978,758</u>	<u>\$ 77,784,456</u>	<u>\$ 237,529,456</u>

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 have a final maturity to occur on September 1, 2023 and interest rates ranging from 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, 2021, the principal outstanding was \$12,440,000. Unamortized premium received on issuance amounted to \$210,714.

The revenue bonds mature through September 1, 2023 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
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	<u>\$ 12,440,000</u>	<u>\$ 1,006,688</u>	<u>\$ 13,446,688</u>

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, 2021, the principal balance outstanding was \$3,185,000.

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

Fiscal Year	Principal	Interest to Maturity	Total
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	220,000	50,956	270,956
2027-2031	1,200,000	177,675	1,377,675
2032-2035	920,000	41,478	961,478
	<u>\$ 3,185,000</u>	<u>\$ 521,765</u>	<u>\$ 3,706,765</u>
Total	<u>\$ 3,185,000</u>	<u>\$ 521,765</u>	<u>\$ 3,706,765</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$895,143.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, 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
District Plan	\$ 30,485,124	\$ 6,422,496	\$ 2,920,770	\$ 3,023,837
Medicare Premium Payment (MPP) Program	651,540	-	-	106,178
Total	<u>\$ 31,136,664</u>	<u>\$ 6,422,496</u>	<u>\$ 2,920,770</u>	<u>\$ 3,130,015</u>

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	<u>876</u>
Total	<u>1,288</u>

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, SSFCTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$729,107 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$30,485,124 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were 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	2.16 percent
Healthcare cost trend rates	4.00 percent for 2021

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, 2020	\$ 28,445,608
Service cost	1,923,617
Interest	638,943
Changes of assumptions or other inputs	206,063
Benefit payments	(729,107)
Net change in total OPEB liability	2,039,516
Balance, June 30, 2021	\$ 30,485,124

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 2.20 percent in 2020 to 2.16 percent in 2021.

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 (1.16%)	\$ 36,167,505
Current discount rate (2.16%)	30,485,124
1% increase (3.16%)	25,980,502

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:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3.00%)	\$ 24,961,786
Current healthcare cost trend rate (4.00%)	30,485,124
1% increase (5.00%)	37,903,322

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,023,837. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,920,770
Changes of assumptions	<u>6,422,496</u>	<u>-</u>
Total	<u>\$ 6,422,496</u>	<u>\$ 2,920,770</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 461,277
2023	461,277
2024	461,277
2025	461,277
2026	461,277
Thereafter	<u>1,195,341</u>
Total	<u>\$ 3,501,726</u>

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, 2019 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, 2021, the District reported a liability of \$651,540 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019 respectively, was 0.1537 percent, and 0.1464 percent, resulting in a net increase in the proportionate share of 0.0073 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$106,178.

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	July 1, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 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 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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 (1.21%)	\$ 720,459
Current discount rate (2.21%)	651,540
1% increase (3.21%)	592,895

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 (3.50% Part A and 4.40% Part B)	\$ 590,773
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	651,540
1% increase (5.50% Part A and 6.40% Part B)	721,493

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 29,375	\$ -	\$ -	\$ 400	\$ 29,775
Stores inventories	66,185	162,971	-	-	229,156
Prepaid expenditures	164,258	-	325	4,719	169,302
Total nonspendable	259,818	162,971	325	5,119	428,233
Restricted					
Legally restricted programs	17,174,845	-	-	3,255,208	20,430,053
Food service	-	383,967	-	-	383,967
Capital projects	-	-	5,511,914	6,045,291	11,557,205
Debt services	-	-	-	7,757,012	7,757,012
Total restricted	17,174,845	383,967	5,511,914	17,057,511	40,128,237
Assigned					
STRS/PERS Increases:2024-25	350,000	-	-	-	350,000
STRS/PERS Increases:2025-26	650,000	-	-	-	650,000
Property tax repayment litigation	8,500,000	-	-	-	8,500,000
Staffing - Grounds keepers	188,000	-	-	-	188,000
Staffing - Custodian	255,000	-	-	-	255,000
Carryover- Site discretionary funds	434,996	-	-	-	434,996
Carryover - Site LCAP funds	596,078	-	-	-	596,078
Carryover - Other programs	224,653	-	-	-	224,653
Deferred maintenance	8,630,482	-	-	-	8,630,482
Capital projects	-	-	-	4,398,798	4,398,798
Other assigned	16,074,421	30,009	-	-	16,104,430
Total assigned	35,903,630	30,009	-	4,398,798	40,332,437
Unassigned					
Reserve for economic uncertainties	6,315,564	-	-	-	6,315,564
Remaining unassigned	14,380,278	-	-	-	14,380,278
Total unassigned	20,695,842	-	-	-	20,695,842
Total	\$ 74,034,135	\$ 576,947	\$ 5,512,239	\$ 21,461,428	\$ 101,584,749

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, 2021, the District contracted with San Mateo County Schools Insurance Group (SMCSIG) risk pool for property and liability insurance coverage.

Workers' Compensation

For fiscal year 2021, 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, 2021, 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:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 85,506,190	\$ 24,805,199	\$ 2,847,361	\$ 12,369,742
CalPERS	38,346,948	7,395,425	189,669	8,074,039
Total	<u>\$ 123,853,138</u>	<u>\$ 32,200,624</u>	<u>\$ 3,037,030</u>	<u>\$ 20,443,781</u>

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$8,231,546.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 85,506,190
State's proportionate share of the net pension liability	<u>44,078,451</u>
Total	<u><u>\$ 129,584,641</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0882 percent and 0.0828 percent, resulting in a net increase in the proportionate share of 0.0054 percent.

South San Francisco Unified School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$12,369,742. In addition, the District recognized pension expense and revenue of \$6,174,959 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,231,546	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,053,576	435,940
Differences between projected and actual earnings on pension plan investments	2,031,134	-
Differences between expected and actual experience in the measurement of the total pension liability	150,879	2,411,421
Changes of assumptions	8,338,064	-
Total	<u>\$ 24,805,199</u>	<u>\$ 2,847,361</u>

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

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

Year Ended June 30,	Outflows/(Inflows) of Resources
2022	\$ (1,239,387)
2023	692,045
2024	1,380,708
2025	1,197,768
Total	<u>\$ 2,031,134</u>

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
2022	\$ 3,073,185
2023	3,321,076
2024	3,650,683
2025	659,239
2026	380,699
Thereafter	610,276
Total	<u>\$ 11,695,158</u>

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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 January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	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%)	\$ 129,187,943
Current discount rate (7.10%)	85,506,190
1% increase (8.10%)	49,440,752

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, 2019 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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, 2021, are presented above and the total District contributions were \$4,029,360.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$38,346,948. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1250 percent and 0.1187 percent, resulting in a net increase in the proportionate share of 0.0063 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$8,074,039. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,029,360	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	525,292	189,669
Differences between projected and actual earnings on pension plan investments	798,261	-
Differences between expected and actual experience in the measurement of the total pension liability	1,901,892	-
Changes of assumptions	140,620	-
Total	<u>\$ 7,395,425</u>	<u>\$ 189,669</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (298,727)
2023	266,453
2024	463,139
2025	<u>367,396</u>
Total	<u>\$ 798,261</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 1,415,293
2023	618,530
2024	316,067
2025	<u>28,245</u>
Total	<u>\$ 2,378,135</u>

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

The mortality table used was developed based on CalPERS-specific data. The table includes 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%)	\$ 55,130,731
Current discount rate (7.15%)	38,346,948
1% increase (8.15%)	24,417,251

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 \$4,988,379 (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.

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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
El Camino High School - Culinary Arts Lab	\$ 159,347	October 31, 2021
Los Cerritos Elementary School - Paving	396,185	October 31, 2021
District Office - Drainage	25,038	October 31, 2021
Sunshine Gardens Elementary School - Roof Replacement	227,181	November 30, 2021
El Camino High School - Roof Replacement	103,971	November 30, 2021
South San Francisco High School - Roof Replacement	116,843	December 31, 2021
South San Francisco High School - Speakers/Paging System	48,395	January 31, 2022
District Office - Tech Infrastructure	4,174,570	June 30, 2022
Total	<u>\$ 5,251,530</u>	

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, 2021, the District made payments of \$3,582,237 and \$9,296,660 to SMCSIG and CalPERS, respectively.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of June 30, 2021, the South San Francisco Unified School District, adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental Fund – Student Activity Fund. In addition, the District has reclassified its Foundation Private-Purpose Trust Fund previously reported as fiduciary funds to a governmental fund – consolidated into General Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 64,051,137	\$ 18,642,475	\$ 93,444,691
Reclassification of Foundation Private-Purpose Trust Fund to governmental fund	481,087	-	481,087
Reclassification of student activity funds from agency funds to a special revenue fund	-	841,632	841,632
	<u> </u>	<u> </u>	<u> </u>
Fund Balance - Beginning, as Restated at July 1, 2020	<u><u>\$ 64,532,224</u></u>	<u><u>\$ 19,484,107</u></u>	<u><u>\$ 94,767,410</u></u>
Government-Wide Financial Statements			
Governmental Activities			
Net Position - Beginning, previously reported at June 30, 2020			\$ 21,361,099
Reclassification of Foundation Private-Purpose Trust Fund to governmental fund			481,087
Reclassified student body funds from fiduciary fund to special revenue fund			841,632
			<u> </u>
Net Position - Beginning, as Restated at July 1, 2020			<u><u>\$ 22,683,818</u></u>



Required Supplementary Information
June 30, 2021

**South San Francisco
Unified School District**

South San Francisco Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 96,322,568	\$ 106,328,275	\$ 109,671,219	\$ 3,342,944
Federal sources	3,562,089	12,428,241	10,127,839	(2,300,402)
Other State sources	6,385,203	16,246,350	14,142,085	(2,104,265)
Other local sources	2,502,621	4,641,285	5,001,410	360,125
Total revenues ¹	108,772,481	139,644,151	138,942,553	(701,598)
Expenditures				
Current				
Certificated salaries	46,413,933	51,105,889	51,059,329	46,560
Classified salaries	17,567,252	17,898,066	17,450,263	447,803
Employee benefits	27,265,773	29,831,921	28,809,508	1,022,413
Books and supplies	5,466,121	22,440,482	6,284,702	16,155,780
Services and operating expenditures	13,118,952	16,449,923	14,158,046	2,291,877
Other outgo	3,567,288	1,284,270	8,142,684	(6,858,414)
Capital outlay	137,331	4,990,790	4,711,308	279,482
Debt service				
Debt service - principal	-	-	205,000	(205,000)
Debt service - interest and other	-	-	74,482	(74,482)
Total expenditures ¹	113,536,650	144,001,341	130,895,322	13,106,019
Excess (Deficiency) of Revenues Over Expenditures	(4,764,169)	(4,357,190)	8,047,231	12,404,421
Other Financing Sources (Uses)				
Transfers in	13,301	13,301	13,301	-
Transfers out	(1,000,000)	(2,558,621)	(2,558,621)	-
Net financing sources (uses)	(986,699)	(2,545,320)	(2,545,320)	-
Net Change in Fund Balances	(5,750,868)	(6,902,510)	5,501,911	12,404,421
Fund Balance - Beginning	68,532,224	68,532,224	68,532,224	-
Fund Balance - Ending	\$ 62,781,356	\$ 61,629,714	\$ 74,034,135	\$ 12,404,421

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 73, Foundation Private-Purpose Trust Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

South San Francisco Unified School District
 Budgetary Comparison Schedule – Cafeteria Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 1,683,244	\$ 1,229,279	\$ 1,425,488	\$ 196,209
Other State sources	118,930	93,367	93,183	(184)
Other local sources	922,352	217,089	217,089	-
Total revenues	<u>2,724,526</u>	<u>1,539,735</u>	<u>1,735,760</u>	<u>196,025</u>
Expenditures				
Current				
Classified salaries	1,598,877	1,291,508	1,291,508	-
Employee benefits	651,265	660,603	660,602	(1)
Books and supplies	287,860	382,661	574,401	191,740
Services and operating expenditures	21,845	51,641	50,807	(834)
Other outgo	77,124	91,889	89,124	(2,765)
Capital outlay	-	54,445	54,445	-
Total expenditures	<u>2,636,971</u>	<u>2,532,747</u>	<u>2,720,887</u>	<u>188,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>87,555</u>	<u>(993,012)</u>	<u>(985,127)</u>	<u>7,885</u>
Other Financing Sources (Uses)				
Transfers in	-	545,784	545,784	-
Net Change in Fund Balances	87,555	(447,228)	(439,343)	7,885
Fund Balance - Beginning	<u>1,016,290</u>	<u>1,016,290</u>	<u>1,016,290</u>	<u>1,016,290</u>
Fund Balance - Ending	<u>\$ 1,103,845</u>	<u>\$ 569,062</u>	<u>\$ 576,947</u>	<u>\$ 7,885</u>

South San Francisco Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 1,923,617	\$ 1,488,745	\$ 1,334,664	\$ 1,298,943
Interest	638,943	838,712	752,163	763,324
Difference between expected and actual experience	-	(3,669,686)	-	-
Changes of assumptions	206,063	6,939,557	1,033,908	-
Benefit payments	(729,107)	(741,123)	(708,733)	(681,474)
Net change in total OPEB liability	2,039,516	4,856,205	2,412,002	1,380,793
Total OPEB Liability - Beginning	28,445,608	23,589,403	21,177,401	19,796,608
Total OPEB Liability - Ending	<u>\$ 30,485,124</u>	<u>\$ 28,445,608</u>	<u>\$ 23,589,403</u>	<u>\$ 21,177,401</u>
Covered Payroll	N/A ¹	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	N/A ¹
Measurement Date	June 30, 2021	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.

South San Francisco Unified School District
Schedule of District's Proportionate Share of net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1537%	0.1464%	0.1490%	0.1456%
Proportionate share of the net OPEB liability	651,540	\$ 545,362	\$ 570,207	\$ 612,550
Covered payroll	N/A ¹	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	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	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.

South San Francisco Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0882%	0.0828%	0.0830%	0.0804%	0.0766%	0.0782%	0.0790%
Proportionate share of the net pension liability	\$ 85,506,190	\$ 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	44,078,451	40,790,662	43,673,298	43,999,689	35,253,700	27,682,039	27,883,669
Total	<u>\$ 129,584,641</u>	<u>\$ 115,558,161</u>	<u>\$ 119,952,304</u>	<u>\$ 118,374,802</u>	<u>\$ 97,180,285</u>	<u>\$ 80,362,277</u>	<u>\$ 74,060,673</u>
Covered payroll	<u>\$ 48,162,825</u>	<u>\$ 45,702,187</u>	<u>\$ 44,523,105</u>	<u>\$ 43,383,029</u>	<u>\$ 38,347,651</u>	<u>\$ 36,515,800</u>	<u>36,404,423</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	177.54%	163.60%	171.32%	171.44%	161.49%	144.27%	126.84%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	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	0.1250%	0.1187%	0.1205%	0.1189%	0.1155%	0.1200%	0.1136%
Proportionate share of the net pension liability	\$ 38,346,948	\$ 38,346,948	\$ 32,129,742	\$ 28,378,748	\$ 22,807,523	\$ 17,693,320	\$ 12,891,955
Covered payroll	<u>\$ 18,500,406</u>	<u>\$ 16,613,320</u>	<u>\$ 20,090,954</u>	<u>\$ 19,500,634</u>	<u>\$ 18,959,897</u>	<u>\$ 18,748,271</u>	<u>13,270,962</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	207.28%	230.82%	159.92%	145.53%	120.29%	94.37%	97.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	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.

South San Francisco Unified School District
Schedule of the District Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 8,231,546	\$ 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	<u>8,231,546</u>	<u>8,235,843</u>	<u>7,440,316</u>	<u>6,424,684</u>	<u>5,457,585</u>	<u>4,114,703</u>	<u>3,242,603</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 50,969,325</u>	<u>\$ 48,162,825</u>	<u>\$ 45,702,187</u>	<u>\$ 44,523,105</u>	<u>\$ 43,383,029</u>	<u>\$ 38,347,651</u>	<u>\$ 36,515,800</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 4,029,360	\$ 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	<u>4,029,360</u>	<u>3,648,465</u>	<u>2,994,717</u>	<u>3,120,326</u>	<u>2,708,248</u>	<u>2,246,179</u>	<u>2,206,859</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 19,465,507</u>	<u>\$ 18,500,406</u>	<u>\$ 16,613,320</u>	<u>\$ 20,090,954</u>	<u>\$ 19,500,634</u>	<u>\$ 18,959,897</u>	<u>\$ 18,748,271</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.026%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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 2.20 percent to 2.16 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 3.50 percent to 2.21 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, 2021

South San Francisco Unified School District

South San Francisco Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	\$ 4,366,627
Total U.S. Department of Treasury			<u>4,366,627</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through CDE			
Adult Education - Basic Grants to States ELA	84.002A	14508	100,341
Adult Education - Basic Grants to States Secondary	84.002	13978	<u>34,817</u>
Subtotal			<u>135,158</u>
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	49,484
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	<u>224,875</u>
Subtotal			<u>274,359</u>
Student Support and Academic Enrichment Program	84.424	15396	127,119
Student Support and Academic Enrichment Program	84.424	15391	<u>5,193</u>
Subtotal			<u>132,312</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	697,268
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	1,010,446
COVID CARES Act Supplemental Meal Reimbursement	84.425D	15535	562,594
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	<u>116,373</u>
Subtotal			<u>2,386,681</u>
Career and Technical Education - Basic Grants to States	84.048	14894	48,358
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010	14329	770,600
Migrant Education State Grant Program	84.011	14326	15,459
Supporting Effective Instruction State Grants	84.367	14341	190,648
Passed through San Mateo County Office of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	1,845,696
Special Education Grants to States - Private School ISP	84.027	10115	49,424
Special Education Preschool Grants	84.173	13430	65,524
Special Education Preschool Grants - Staff Development	84.173A	13431	<u>618</u>
Subtotal Special Education (IDEA) Cluster			<u>1,961,262</u>

South San Francisco Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Rehabilitation Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	10006	\$ 97,906
Total U.S. Department of Education			<u>6,012,743</u>
Passed through CDE Child Care and Development Fund Cluster Child Care and Development Block Grant - Center Based	93.575	15136	85,151
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	39,142
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	96.575	15555	<u>38,036</u>
Subtotal Child Care and Development Fund Cluster			<u>162,329</u>
Total U.S. Department of Health and Human Services			<u>162,329</u>
U.S. DEPARTMENT OF INTERIOR Payments in Lieu of Taxes	15.226	[1]	<u>433</u>
Total U.S. Department of Interior			<u>433</u>
U.S. DEPARTMENT OF AGRICULTURE Passed through CDE Child Nutrition Cluster School Breakfast Program - Especially Needy National School Lunch Program National School Lunch Program - Commodities	10.553 10.555 10.555	13526 13524 13524	410,301 667,094 <u>196,025</u>
Subtotal Child Nutrition Cluster			<u>1,273,420</u>
Child and Adult Care Food Program	10.558	13393	<u>35,695</u>
Total U.S. Department of Agriculture			<u>1,309,115</u>
Total Federal Financial Assistance			<u><u>\$ 11,851,247</u></u>

[1] PCA number not available.

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 high school. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Diana R. Lujan	President	2024
Mrs. Mina A. Richardson	Vice President	2022
Mrs. Patricia A. Murray	Clerk	2024
Mr. John C. Baker	Member	2022
Dr. Chilin Hsieh	Member	2022

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
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

South San Francisco Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

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

South San Francisco Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

South San Francisco Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 124,651,809	\$ 135,287,271	\$ 122,713,625	\$ 110,886,202
Other sources	13,301	13,301	13,301	13,301
Total Revenues and Other Sources	<u>124,665,110</u>	<u>135,300,572</u>	<u>122,726,926</u>	<u>110,899,503</u>
Expenditures	134,336,290	123,752,662	111,992,087	108,542,658
Other uses and transfers out	1,850,000	2,558,621	1,654,563	2,280,349
Total Expenditures and Other Uses	<u>136,186,290</u>	<u>126,311,283</u>	<u>113,646,650</u>	<u>110,823,007</u>
Increase/(Decrease) in Fund Balance	<u>(11,521,180)</u>	<u>8,989,289</u>	<u>9,080,276</u>	<u>76,496</u>
Ending Fund Balance	<u>\$ 37,323,576</u>	<u>\$ 48,844,756</u>	<u>\$ 39,855,467</u>	<u>\$ 30,775,191</u>
Available Reserves ²	<u>\$ 10,170,053</u>	<u>\$ 19,211,365</u>	<u>\$ 17,283,821</u>	<u>\$ 12,787,325</u>
Available Reserves as a Percentage of Total Outgo	<u>7.47%</u>	<u>15.21%</u>	<u>15.21%</u>	<u>11.54%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 334,803,008</u>	<u>\$ 321,986,414</u>	<u>\$ 319,420,290</u>
K-12 Average Daily Attendance at P-2	<u>7,800</u>	<u>7,976</u>	<u>7,976</u>	<u>8,174</u>

The General Fund balance has increased by \$18,069,565 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$11,521,180 (23.6 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$15,382,718 over the past two years.

Average daily attendance has decreased by 198 over the past two years. An additional decline of 176 ADA is expected in fiscal year 2021-2022.

¹ Budget 2022 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, and Fund 73, Foundation Private-Purpose Trust Fund as required by GASB Statement No. 84.

South San Francisco Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	\$ 775,100	\$ 1,812,154	\$ 949,434	\$ 6,029,168	\$ 7
Receivables	-	44,764	430,792	16,552	-
Due from other funds	-	5,240	44,543	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 775,100	\$ 1,862,158	\$ 1,424,769	\$ 6,045,720	\$ 7
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 11,656	\$ 31,659	\$ 436	\$ -
Due to other funds	-	126,328	276,020	-	-
Unearned revenue	-	-	360,756	-	-
Total liabilities	-	137,984	668,435	436	-
Fund Balances					
Nonspendable	-	-	400	-	-
Restricted	775,100	1,724,174	755,934	6,045,284	7
Assigned	-	-	-	-	-
Total fund balances	775,100	1,724,174	756,334	6,045,284	7
Total liabilities and fund balances	\$ 775,100	\$ 1,862,158	\$ 1,424,769	\$ 6,045,720	\$ 7

South San Francisco Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
Year Ended June 30, 2021

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 4,187,148	\$ 7,649,329	\$ 91,243	\$ 21,493,583
Receivables	6,973	16,440	-	515,521
Due from other funds	459,610	-	-	509,393
Prepaid expenditures	4,719	-	-	4,719
Total assets	<u>\$ 4,658,450</u>	<u>\$ 7,665,769</u>	<u>\$ 91,243</u>	<u>\$ 22,523,216</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 107,102	\$ -	\$ -	\$ 150,853
Due to other funds	147,831	-	-	550,179
Unearned revenue	-	-	-	360,756
Total liabilities	<u>254,933</u>	<u>-</u>	<u>-</u>	<u>1,061,788</u>
Fund Balances				
Nonspendable	4,719	-	-	5,119
Restricted	-	7,665,769	91,243	17,057,511
Assigned	4,398,798	-	-	4,398,798
Total fund balances	<u>4,403,517</u>	<u>7,665,769</u>	<u>91,243</u>	<u>21,461,428</u>
Total liabilities and fund balances	<u>\$ 4,658,450</u>	<u>\$ 7,665,769</u>	<u>\$ 91,243</u>	<u>\$ 22,523,216</u>

South San Francisco Unified School District

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

Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Local Control Funding Formula	\$ -	\$ 160,699	\$ -	\$ -	\$ -
Federal sources	-	135,158	162,329	-	-
Other State sources	-	1,187,279	952,579	-	-
Other local sources	321,108	28,403	1,221,519	1,268,653	-
Total revenues	321,108	1,511,539	2,336,427	1,268,653	-
Expenditures					
Current					
Instruction	-	729,592	1,819,627	-	-
Instruction-related activities					
Supervision of instruction	-	115,576	410	-	-
School site administration	-	492,604	860,654	-	-
Pupil services					
All other pupil services	-	850	-	-	-
Administration					
All other administration	-	43,325	95,309	-	-
Plant services	-	155,248	94,034	14,765	-
Ancillary services	387,640	-	-	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	387,640	1,537,195	2,870,034	14,765	-
Excess (Deficiency) of Revenues Over Expenditures	(66,532)	(25,656)	(533,607)	1,253,888	-
Other Financing Sources (Uses)					
Transfers in	-	-	258,334	-	-
Transfers out	-	-	(13,301)	-	-
Net Financing Sources (Uses)	-	-	245,033	-	-
Net Change in Fund Balances	(66,532)	(25,656)	(288,574)	1,253,888	-
Fund Balance - Beginning, as Restated	841,632	1,749,830	1,044,908	4,791,396	7
Fund Balance - Ending	\$ 775,100	\$ 1,724,174	\$ 756,334	\$ 6,045,284	\$ 7

South San Francisco Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental
Funds
Year Ended June 30, 2021

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	\$ -	\$ -	\$ -	\$ 160,699
Federal sources	-	433	-	297,920
Other State sources	-	30,401	-	2,170,259
Other local sources	540,845	9,667,261	13	13,047,802
Total revenues	540,845	9,698,095	13	15,676,680
Expenditures				
Current				
Instruction	-	-	-	2,549,219
Instruction-related activities				
Supervision of instruction	-	-	-	115,986
School site administration	-	-	-	1,353,258
Pupil services				
All other pupil services	-	-	-	850
Administration				
All other administration	-	-	-	138,634
Plant services	174,125	-	-	438,172
Ancillary services	-	-	-	387,640
Other outgo	-	-	1,700	1,700
Facility acquisition and construction	1,184,730	-	-	1,184,730
Debt service				
Principal	-	225,000	3,495,000	3,720,000
Interest and other	-	5,063,862	744,844	5,808,706
Total expenditures	1,358,855	5,288,862	4,241,544	15,698,895
Excess (Deficiency) of Revenues Over Expenditures	(818,010)	4,409,233	(4,241,531)	(22,215)
Other Financing Sources (Uses)				
Transfers in	1,754,503	-	4,238,232	6,251,069
Transfers out	-	(4,238,232)	-	(4,251,533)
Net Financing Sources (Uses)	1,754,503	(4,238,232)	4,238,232	1,999,536
Net Change in Fund Balances	936,493	171,001	(3,299)	1,977,321
Fund Balance - Beginning, as Restated	3,467,024	7,494,768	94,542	19,484,107
Fund Balance - Ending	\$ 4,403,517	\$ 7,665,769	\$ 91,243	\$ 21,461,428

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, 2021. 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 and change in fund balance 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, 2021, 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 Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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, 2021

**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 Governing Board
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, 2021, 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 December 17, 2021.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 17 to the financial statements, South San Francisco Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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.

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*.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 17, 2021



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

To the Governing Board
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, 2021. 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, 2021.

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.



Rancho Cucamonga, California
December 17, 2021



Independent Auditor's Report on State Compliance

To the Governing Board
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 *2020-2021 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, 2021.

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 *2020-2021 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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
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
K-3 Grade Span Adjustment	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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	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	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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.

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.

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, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 17, 2021



Schedule of Findings and Questioned Costs
June 30, 2021

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(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010
Coronavirus Relief Fund: Learning Loss Mitigation	21.019
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D
COVID CARES Act Supplemental Meal Reimbursement	84.425D
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
Child Nutrition Cluster	10.553 & 10.555
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
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None reported.

None reported.

None reported.

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