Financial Statements
June 30, 2020

San Leandro Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 San Leandro Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, budgetary comparison information on page 72 and 73, schedule of changes in the District's total OPEB liability and related ratios on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and the schedule of District contributions on page 76, 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 San Leandro Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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 4, 2020 on our consideration of San Leandro 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 San Leandro 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 San Leandro Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

San Ramon, California
December 4, 2020

This section of San Leandro 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 ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

DISTRICT PROFILE

The San Leandro Unified School District is located in Alameda County. The District serves approximately 9,066 students of a diverse population. The District currently operates 13 schools, consisting of 8 elementary (grades K-5), 2 middle schools (grades 6-8), one comprehensive high school (grades 9-12), one continuation high school, one adult school and one independent study program. As of June 30, 2020, the District employs on a regular basis approximately 539 certificated and 365 classified employees.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District. This annual report consists of three parts – the management discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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

Figure A-1 on the next page summarizes the major features of the District's basic financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-1
Major Features of the District wide and Fund Financial Statements

Type of Statements	District-wide	Governmental Funds	Fiduciary Funds	Proprietary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities	Activities of the District that operate like a business, such as self-insurance funds
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance sheet. • Statement of Revenues, Expenditures & changes in fund balances • Reconciliation to government wide financial statements	• Statement of fiduciary net assets.	• Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position • Statement of Cash Flows
Accounting basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities both financial and capital, short-term and long-term, and deferred outflows	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term debt included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain non-financial assets, though they can	All assets and liabilities, both short-term and long-term; standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenue and expenses during the year, regardless of when cash is received or paid	All revenue and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, 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.

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

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(43.7) million for the fiscal year ended June 30, 2020. Of this amount, $(101) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities 2020	Governmental Activities 2019
Assets		
Current and other assets	$ 159,839,905	$ 108,393,421
Capital assets	259,358,744	225,660,038
Total assets	419,198,649	334,053,459
Deferred outflows of resources	60,975,306	67,455,513
Liabilities		
Current liabilities	21,587,427	12,258,860
Long-term liabilities	482,099,727	404,519,848
Total liabilities	503,687,154	416,778,708
Deferred inflows of resources	20,141,006	32,073,805
Net Position		
Net investment in capital assets	24,977,709	5,196,937
Restricted	32,356,063	21,597,953
Unrestricted	(100,987,977)	(74,138,431)
Total net position	$ (43,654,205)	$ (47,343,541)

The $(101) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from ($74.1) million to ($101) million.

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 17. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 668,030	$ 749,233
Operating grants and contributions	30,632,852	26,269,792
General revenues		
Federal and State aid not restricted	56,311,780	59,546,897
Property taxes	53,786,874	48,600,150
Other general revenues	1,469,493	3,305,243
Total revenues	142,869,029	138,471,315
Expenses		
Instruction-related	98,291,293	95,714,975
Pupil services	12,680,014	12,637,258
Administration	7,045,808	7,185,522
Plant services	8,531,450	11,041,863
Other	12,631,128	11,112,166
Total expenses	139,179,693	137,691,784
Change in net position	$ 3,689,336	$ 779,531

Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities this year was $139.2 million. The cost was paid by those who benefited from the programs was 0.7 million. Operating grants and contributions subsidized certain programs in the amount of $30.6 million. We paid for the remaining "public benefit" portion of our governmental activities with $53.8 million in taxes, unrestricted Federal and State aid of $56.3 million and other revenues of $1.5 million for the fiscal year ended June 30, 2020.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 98,291,293	$ 95,714,975	$ (74,802,023)	$ (75,778,170)
Pupil services	12,680,014	12,637,258	(6,739,896)	(7,550,555)
Administration	7,045,808	7,185,522	(6,456,647)	(6,508,623)
Plant services	8,531,450	11,041,863	(8,280,893)	(10,640,219)
All other services	12,631,128	11,112,166	(11,599,352)	(10,195,192)
Total	$ 139,179,693	$ 137,691,784	$ (107,878,811)	$ (110,672,759)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $142.6 million, which is an increase of $42.3 million from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	$ 10,687,340	$ 116,739,755	$ 110,963,647	$ 16,463,448
Adult Education	1,755,400	2,970,722	2,830,670	1,895,452
Cafeteria	1,895,407	4,600,376	4,125,629	2,370,154
Building	63,272,241	76,133,118	45,402,094	94,003,265
Capital Facilities	542,304	311,877	643,184	210,997
Special Reserve Fund for Capital Outlay Projects	2,240,020	339,453	243,027	2,336,446
Bond Interest and Redemption	19,905,577	27,517,475	22,055,458	25,367,594
Total	$ 100,298,289	$ 228,612,776	$ 186,263,709	$ 142,647,356

The primary reasons for these increases are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased $5.8 million to $16.5 million. This due to:
   1. Increasing enrollment
   2. Receipt of one-time state funding
   3. Collection of restricted facilities funds for future construction
b. Our special revenue funds remained fairly stable from the prior year showing a $0.6 million decrease.
c. The building fund increased from $63.4 million to $94.0 million as a result of issuance of bond proceeds net of facilities expenditures.
d. The debt service funds showed an increase of approximately $5.5 million for future debt payments.

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 March 10, 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 72.

- Significant revenue revisions of approximately $3.1 million were made to the 2019-2020 budget due LCFF enrollment and unduplicated student counts, unrestricted preschool funding changes, federal revenues (increase in MAA funds and decrease in Title I), changes in Other State Revenues (Strong Workforce Program), and Youth Reinvestment.

- Budgeted expenditures between the original and final general fund budgets increased by $5.5 million due to updates to Certificated and Classified salaries and benefits, Contract Services (SPED NPS Placements, transportation, Strong Workforce Grant, Local Donations, and Other Outgo (BLC payoff from redevelopment funds).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $259.3 million 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 just under $33.6, or 14.9 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 72,597,069	$ 35,806,844
Buildings and improvements	183,625,083	186,734,542
Equipment	3,136,592	3,118,652
Total	$ 259,358,744	$ 225,660,038

This year's additions of $33.7 million included renovation of school libraries, upgrades to electrical systems and installation of HVAC in all classrooms.

Several capital projects are planned for the 2020-2021 year. We anticipate capital additions to be $5.5 million for the 2020-2021 year. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $482.1 million in long-term obligations outstanding versus $403.7 million last year, an increase of 19 percent. Those long-term obligations consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 327,835,208	$ 263,460,180
Unamortized premiums/(discounts)	26,411,023	18,865,422
Capital leases	549,092	636,130
Compensated absences	566,439	477,670
Total OPEB liability	10,556,773	9,309,673
Aggregate net pension liability	116,181,192	110,997,165
Total	$ 482,099,727	$ 403,746,240

The District's general obligation bond rating continues to be AA. The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $327.8 million is significantly below this statutorily-imposed limit.

At year-end, the District has a net pension liability of $116.2 million versus $111.0 million last year, an increase of 5.2 million, or 4.6 percent.

Other liabilities include compensated absences payable, other postemployment benefits (OPEB) liability (not including health benefits) and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:

Continued the school modernization projects which includes renovating various sites, upgrades and replacement of portables and the expansion of advance technology hardware and software, accommodating distance learning.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Revenue Assumptions:

- 2.31% LCFF COLA in 2020-21, 0% in future years
- No change to ADA
- No cuts to categorical programs
- $1.5 M in savings from reduced PERS and STRS rates
- $1.2 M in ESSER funding – PPE, tech, cleaning
- $400 K in additional state SPED funding

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	24:1	2,852
Grades four through eight	30:1	3,334
Grades nine through twelve	30:1	2,880

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, Business Services, at San Leandro Unified School District, 835 East 14th Street, Suite 200, San Leandro, California, 94577, or e-mail at kcollins@slusd.us.

Assets	
Deposits and investments	$ 142,250,739
Receivables	1,961,583
Due from other governments	15,586,435
Stores inventories	41,148
Capital assets not depreciated	72,597,069
Capital assets, net of accumulated depreciation	186,761,675
Total assets	419,198,649
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	584,699
Deferred outflows of resources related to pensions	60,390,607
Total deferred outflows of resources	60,975,306
Liabilities	
Accounts payable	8,519,391
Interest payable	4,610,277
Due to other governments	7,993,135
Unearned revenue	464,624
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	11,633,695
Long-term liabilities other than OPEB and pensions due in more than one year	343,728,067
Total other postemployment benefits liabilities	10,556,773
Aggregate net pension liabilities	116,181,192
Total liabilities	503,687,154
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	20,141,006
Net Position	
Net investment in capital assets	24,977,709
Restricted for	
Debt service	20,757,317
Capital projects	2,547,443
Educational programs	6,722,297
Food service	2,329,006
Unrestricted	(100,987,977)
Total net position	$ (43,654,205)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities				
Instruction	$ 83,967,447	$ 5,414	$ 19,969,431	$ (63,992,602)
Instruction-related activities				
Supervision of instruction	4,363,195	48	1,727,178	(2,635,969)
Instructional library, media, and technology	1,964,950	-	194,634	(1,770,316)
School site administration	7,995,701	96	1,592,469	(6,403,136)
Pupil services				
Home-to-school transportation	2,436,459	-	-	(2,436,459)
Food services	4,366,904	472,850	3,890,751	(3,303)
All other pupil services	5,876,651	2,668	1,573,849	(4,300,134)
Administration				
Data processing	860,643	-	-	(860,643)
All other administration	6,185,165	23,564	565,597	(5,596,004)
Plant services	8,531,450	14,643	235,914	(8,280,893)
Ancillary services	851,345	180	14,141	(837,024)
Interest on long-term liabilities	10,509,812	-	-	(10,509,812)
Other outgo	1,269,971	148,567	868,888	(252,516)
Total governmental activities	$ 139,179,693	$ 668,030	$ 30,632,852	(107,878,811)
General Revenues and Subventions				
Property taxes, levied for general purposes				33,288,843
Property taxes, levied for debt service				18,449,937
Taxes levied for other specific purposes				2,048,094
Federal and State aid not restricted to specific purposes				56,311,780
Interest and investment earnings				460,656
Interagency revenues				268,825
Miscellaneous				740,012
Subtotal, general revenues				111,568,147
Total general revenues and transfers				111,568,147
Change in Net Position				3,689,336
Net Position - Beginning				(47,343,541)
Net Position - Ending				$ (43,654,205)

	General Fund	Adult Education Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 11,235,755	$ 2,149,601	$ 99,533,506	$ 25,292,594	$ 3,824,784	$ 142,036,240
Receivables	349,535	9,000	245,814	75,000	1,281,334	1,960,683
Due from other funds	295,305	116,118	76,825	-	52,650	540,898
Due from other governments	15,250,302	336,133	-	-	-	15,586,435
Stores inventories	-	-	-	-	41,148	41,148
Total assets	$ 27,130,897	$ 2,610,852	$ 99,856,145	$ 25,367,594	$ 5,199,916	$ 160,165,404
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 2,480,232	$ 122,664	$ 5,837,576	$ -	$ 78,919	$ 8,519,391
Due to other funds	163,619	158,575	15,304	-	203,400	540,898
Due to other governments	7,993,135	-	-	-	-	7,993,135
Unearned revenue	30,463	434,161	-	-	-	464,624
Total liabilities	10,667,449	715,400	5,852,880	-	282,319	17,518,048
Fund Balances						
Nonspendable	40,000	-	-	-	41,148	81,148
Restricted	6,722,297	-	94,003,265	25,367,594	4,876,449	130,969,605
Assigned	-	1,895,452	-	-	-	1,895,452
Unassigned	9,701,151	-	-	-	-	9,701,151
Total fund balances	16,463,448	1,895,452	94,003,265	25,367,594	4,917,597	142,647,356
Total liabilities and fund balances	$ 27,130,897	$ 2,610,852	$ 99,856,145	$ 25,367,594	$ 5,199,916	$ 160,165,404

See Notes to Financial Statements

Total Fund Balance - Governmental Funds		$ 142,647,356
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	$ 414,429,268	
Accumulated depreciation is	(155,070,524)	
Net capital assets		259,358,744
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.		(4,610,277)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		215,399
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	584,699	
Net pension obligation	60,390,607	
Total deferred outflows of resources		60,975,306
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		
Net pension obligation	(20,141,006)	
Total deferred inflows of resources		(20,141,006)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(116,181,192)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(10,556,773)
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	$ (327,835,208)	
Capital leases payable	(549,092)	
Premium, net of accumulated amortization	(26,411,023)	
Compensated absences (vacations)	(566,439)	
Total long-term liabilities		(355,361,762)
Total net position - governmental activities		$ (43,654,205)

	General Fund	Adult Education Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 92,163,590	$ -	$ -	$ -	$ -	$ 92,163,590
Federal sources	4,517,404	490,780	-	-	3,829,643	8,837,827
Other State sources	12,429,299	2,223,620	10,516	105,457	236,900	15,005,792
Other local sources	5,894,345	145,354	1,127,602	18,664,571	1,025,503	26,857,375
Total revenues	115,004,638	2,859,754	1,138,118	18,770,028	5,092,046	142,864,584
Expenditures						
Current						
Instruction	73,928,320	1,473,100	-	-	-	75,401,420
Instruction-related activities						
Supervision of instruction	3,679,252	239,035	-	-	-	3,918,287
Instructional library, media, and technology	1,764,299	-	-	-	-	1,764,299
School site administration	6,411,903	773,511	-	-	-	7,185,414
Pupil services						
Home-to-school transportation	2,180,505	-	-	-	-	2,180,505
Food services	19,349	-	-	-	3,894,082	3,913,431
All other pupil services	5,259,301	-	-	-	-	5,259,301
Administration						
Data processing	770,554	-	-	-	-	770,554
All other administration	5,278,104	76,600	-	-	192,050	5,546,754
Plant services	8,515,358	102,104	2,218,120	-	227,494	11,063,076
Ancillary services	761,911	-	-	-	-	761,911
Facility acquisition and construction	851,637	70,496	41,289,197	-	55,030	42,266,360
Debt service						
Principal	162,215	87,037	-	10,619,972	611,393	11,480,617
Interest and other	-	8,787	-	11,435,486	31,791	11,476,064
Total expenditures	109,582,708	2,830,670	43,507,317	22,055,458	5,011,840	182,987,993
Excess (Deficiency) of Revenues Over Expenditures	5,421,930	29,084	(42,369,199)	(3,285,430)	80,206	(40,123,409)
Other Financing Sources (Uses)						
Transfers in	1,735,117	110,968	-	-	159,660	2,005,745
Other sources	-	-	74,995,000	8,747,447	-	83,742,447
Transfers out	(110,968)	-	(1,894,777)	-	-	(2,005,745)
Other uses	(1,269,971)	-	-	-	-	(1,269,971)
Net Financing Sources (Uses)	354,178	110,968	73,100,223	8,747,447	159,660	82,472,476
Net Change in Fund Balances	5,776,108	140,052	30,731,024	5,462,017	239,866	42,349,067
Fund Balance - Beginning	10,687,340	1,755,400	63,272,241	19,905,577	4,677,731	100,298,289
Fund Balance - Ending	$ 16,463,448	$ 1,895,452	$ 94,003,265	$ 25,367,594	$ 4,917,597	$ 142,647,356

Total Net Change in Fund Balances - Governmental Funds		$ 42,349,067
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 exceeds capital outlays in the period.		
Depreciation expense	$ (12,378,277)	
Capital outlays	46,077,248	
Net expense adjustment		33,698,971
Loss (Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(265)
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.		(88,769)
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 expenses are the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		377,963
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 total OPEB liability during the year.		(1,356,498)
Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		$ (74,995,000)

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 on issuance recognized	(8,747,447)
Premium amortization	1,201,846
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	10,619,972
San Leandro City Loan	773,608
Capital leases	87,038
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.	(235,595)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	4,445
Change in net position of governmental activities	$ 3,689,336

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 214,499
Receivables	900
Total current assets	215,399
Total assets	215,399
Net Position	
Unrestricted	215,399
Total net position	$ 215,399

	Governmental Activities - Internal Service Fund
Nonoperating Revenues (Expenses)	
Interest income	$ 4,445
Change in Net Position	4,445
Total Net Position - Beginning	210,954
Total Net Position - Ending	$ 215,399

	Governmental Activities - Internal Service Fund
Operating Activities	
Other operating cash receipts	$ 54
Investing Activities	
Interest on investments	4,445
Net Change in Cash and Cash Equivalents	4,499
Cash and Cash Equivalents, Beginning	210,000
Cash and Cash Equivalents, Ending	$ 214,499
Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities	
Changes in assets and liabilities	
Receivables	54
Net Cash From Operating Activities	$ 54

	Agency Funds
Assets	
Deposits and investments	$ 520,152
Total assets	$ 520,152
Liabilities	
Due to student groups	520,152
Total liabilities	$ 520,152

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The San Leandro Unified School District (the District) was organized on July 1, 1952 under the laws of the State of California. The District operates under a locally elected seven member Board form of government and provides educational services to grades K-12 as mandated by the State and Federal agencies. The District operates eight elementary schools, two middle schools, one comprehensive high school, one continuation school, one adult school and an independent study center.

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 San Leandro Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

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

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

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.

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

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

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are 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.

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

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

- **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).

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

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

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

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

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

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and exclude 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 restrictions on their use.

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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.

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Restricted Assets

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

Stores Inventories

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

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

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

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 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 and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as 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 and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, 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 total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan fiduciary net position have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action 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 $32,356,063 of restricted net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in-district premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

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

New Accounting Pronouncements

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

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

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

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

The requirements of this Statement are effective for the reporting periods beginning after June 30, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.
The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 142,036,240
Proprietary funds	214,499
Fiduciary funds	520,152
Total deposits and investments	$ 142,770,891

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

Cash on hand and in banks	$ 588,779
Cash in revolving	40,000
Investments	142,142,112
Total deposits and investments	$ 142,770,891

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool.

Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity in Years
County Investment Pool	$ 142,142,112	674 days

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 County Pool is not required to be rated, nor has it been rated as of June 30, 2020.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, approximately $135,000 of the District's bank balance of $600,000 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

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

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

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

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

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End AAA	AA	Unrated
County Investment Pool	$ 142,142,112	N/A	$ -	$ -	$ 142,142,112

N/A - Not applicable

Note 4 - Receivables

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

	General Fund	Adult Fund	Building Fund	Bond Interest And Redemption Fund	Non-Major Govemental Funds	Total	Proprietary Funds
Federal Government							
Categorical aid	$ 149,390	$ -	$ -	$ -	$ 1,028,376	$ 1,177,766	$ -
State Government							
LCFF apportionment	11,115,311	-	-	-	-	11,115,311	-
Categorical aid	735,584	-	-	-	48,233	783,817	-
Lottery	439,668	-	-	-	-	439,668	-
Local Government							
Interest	70,000	9,000	220,000	75,000	14,000	388,000	900
Other local sources	3,089,884	336,133	25,814	-	190,725	3,642,556	-
Total	$ 15,599,837	$ 345,133	$ 245,814	$ 75,000	$ 1,281,334	$ 17,547,118	$ 900

Note 5 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 14,369,105	$ -	$ -	$ 14,369,105
Construction in progress	21,437,739	40,254,196	(3,463,971)	58,227,964
Total capital assets not being depreciated	35,806,844	40,254,196	(3,463,971)	72,597,069
Capital assets being depreciated				
Land improvements	24,692,067	366,178	-	25,058,245
Buildings and improvements	295,816,126	8,323,088	-	304,139,214
Furniture and equipment	12,043,351	597,757	(6,368)	12,634,740
Total capital assets being depreciated	332,551,544	9,287,023	(6,368)	341,832,199
Total capital assets	368,358,388	49,541,219	(3,470,339)	414,429,268
Accumulated depreciation				
Land improvements	(15,698,477)	(742,460)	-	(16,440,937)
Buildings and improvements	(118,075,174)	(11,056,265)	-	(129,131,439)
Furniture and equipment	(8,924,699)	(579,552)	6,103	(9,498,148)
Total accumulated depreciation	(142,698,350)	(12,378,277)	6,103	(155,070,524)
Governmental activities capital assets, net	$ 225,660,038	$ 37,162,942	$ (3,464,236)	$ 259,358,744

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

Governmental Activities	
Instruction	$ 7,925,446
Supervision of instruction	411,851
Instructional library, media, and technology	185,446
School site administration	755,259
Home-to-school transportation	229,193
Food services	411,341
All other pupil services	552,805
Anciliary Services	80,084
Data processing	80,993
All other administration	583,019
Plant services	1,162,840
Total depreciation expenses governmental activities	$ 12,378,277

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From				
Due To	General Fund	Adult Education Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 34,144	$ 76,825	$ 52,650	$ 163,619
Building Fund	-	15,304	-	-	15,304
Non-Major Governmental Funds	295,305	66,670	-	-	361,975
Total	$ 295,305	$ 116,118	$ 76,825	$ 52,650	$ 540,898

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

Operating Transfers

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

Transfer To	Transfer From General Fund	Transfer From Non-Major Governmental Funds	Total
General Fund	$ -	$ 110,968	$ 110,968
Building Fund	1,735,117	159,660	1,894,777
Total	$ 1,735,117	$ 270,628	$ 2,005,745

The General Fund transferred to the Adult Education Fund to transfer lottery funds	$ 110,968
The Building Fund transferred to the General Fund for reimbursement of costs of construction of food service and IT building as approved by the Governing Board.	1,735,117
The Building Fund transferred to the Non Major Governmental Funds for reimbursement of partial costs of installation of portable classroom buildings on the Adult Education campus as approved by the Governing Board.	159,660
Total	$ 2,005,745

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

Note 7 - Accounts Payable

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

	General Fund	Adult Education Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,169,149	$ 106,756	$ 5,837,576	$ 78,919	$ 8,192,400
Salaries and benefits	311,083	15,908	-	-	326,991
Total	$ 2,480,232	$ 122,664	$ 5,837,576	$ 78,919	$ 8,519,391

Note 8 - Unearned Revenue

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

	General Fund	Adult Education Fund	Total
State categorical aid	$ -	$ 434,161	$ 434,161
Other local	30,463	-	30,463
Total	$ 30,463	$ 434,161	$ 464,624

Note 9 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 263,460,180	$ 74,995,000	$ (10,619,972)	$ 327,835,208	$ 10,343,562
Unamortized debt premiums	18,865,422	8,747,447	(1,201,846)	26,411,023	1,201,846
Capital leases	636,130	-	(87,038)	549,092	88,287
Compensated absences	477,670	88,769	-	566,439	-
City Loan	773,608	-	(773,608)	-	-
Total	$ 284,213,010	$ 83,831,216	$ (12,682,464)	$ 355,361,762	$ 11,633,695

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Capital Facilities Fund makes payments for the Notes Payable. The capital leases payments are made by the Adult Education Fund. The accrued compensation will be paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
3/18/2009	8/1/2033	4.00-6.25%	$30,000,000	$465,000	$ -	$ (465,000)	$0
2/13/2010	8/1/2040	6.38-6.98%	19,999,043	12,980,063	-	-	12,980,063
5/1/2010	2/1/2026	5%	18,327,344	11,835,117	-	(1,474,972)	10,360,145
5/24/2011	8/1/2041	3.00-5.75%	30,000,000	28,900,000	-	(100,000)	28,800,000
10/19/2011	8/1/2022	2.00-3.125%	7,560,000	3,080,000	-	(685,000)	2,395,000
7/10/2013	8/1/2026	0.55-4.00%	11,670,000	9,035,000	-	(815,000)	8,220,000
7/10/2013	8/1/2038	3.00-5.00%	20,100,000	19,495,000	-	(350,000)	19,145,000
3/24/2015	8/1/2029	3.00-5.00%	11,745,000	11,745,000	-	-	11,745,000
5/21/2015	8/1/2033	2.00-5.00%	31,275,000	30,060,000	-	(200,000)	29,860,000
11/2/2016	8/1/2031	2.00-5.00%	17,900,000	17,355,000	-	(485,000)	16,870,000
5/2/2017	8/1/2046	3.00-5.00%	47,260,000	43,725,000	-	(3,865,000)	39,860,000
5/2/2017	8/1/2028	2.00-5.00%	23,675,000	21,295,000	-	(2,180,000)	19,115,000
2/5/2019	8/1/2043	3.00-5.00%	50,240,000	50,240,000	-	-	50,240,000
2/5/2019	8/1/2043	4.00-5.00%	3,250,000	3,250,000	-	-	3,250,000
3/3/2020	8/1/2043	3.00-4.00%	74,995,000	-	74,995,000	-	74,995,000
				$ 263,460,180	$ 74,995,000	$ (10,619,972)	$ 327,835,208

Debt Service Requirements to Maturity

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 10,343,562	$ 11,267,823	$ 21,611,385
2022	16,370,088	13,347,031	29,717,119
2023	16,249,482	12,706,435	28,955,917
2024	17,072,077	12,009,678	29,081,755
2025	12,552,816	11,288,400	23,841,216
2026-2030	57,257,021	58,006,689	115,263,710
2031-2035	57,665,000	49,756,783	107,421,783
2036-2040	73,820,063	58,691,987	132,512,050
2041-2045	59,460,000	7,655,794	67,115,794
2046-2047	7,045,099	347,072	7,392,171
Total	$ 327,835,208	$ 235,077,692	$ 488,404,935

Note Payable

On February 26, 2013, the City of San Leandro loaned the District $1,250,000 with interest rates of 1.5-5% for the purchase of a property in the City that will be used by the District to directly support education and administrative functions of the District. The loan matures on August 1, 2028. The remaining principle and interest was paid off during the year ended June 30, 2020.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $566,439.

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Adult Education Zion Bank
Balance, July 1, 2019	$ 636,130
Payments	(87,038)
Balance, July 1, 2020	$ 549,092

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 95,824
2022	95,824
2023	95,824
2024	95,824
2025	95,824
2026-2030	95,824
Total	574,944
Less amount representing interest	(25,852)
Present value of minimum lease payments	$ 549,092

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2020, include the following:

Buildings	$ 1,530,197
Less accumulated depreciation	(277,986)
Total	$ 1,252,211

Amortization of leased buildings and equipment under capital assets is included with depreciation expense.

Note 10 - Total Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 10,556,773	$ 584,699	$ -	$ 841,354

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 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2019, the measurement date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	210
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	10
Total	220

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 Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For the fiscal year ended June 30, 2020 the District paid $584,699 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,556,773 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

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

Inflation	2.75	percent
Discount rate	1.96	percent
Healthcare cost trend rates	7.00	percent for 202C

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

Mortality rates were based on the 1984 Unisex Mortality Table. Mortality rates vary by age and sex. 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 reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	$ 9,309,673
Service cost	1,029
Interest	21,196
Differences between expected and actual experience	1,967,287
Changes of assumptions or other inputs	(167,560)
Benefit payments	(574,852)
Net change in total OPEB liability	1,247,100
Balance, June 30, 2020	$ 10,556,773

Changes of assumptions and other inputs reflect a change in the discount rate from 1.82 percent in 2019 to 1.96 percent in 2020.

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

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

Discount Rate	Total OPEB Liability
1% decrease (0.96%)	$ 15,942,882
Current discount rate (1.96%)	10,556,773
1% increase (2.96%)	5,170,664

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (6%)	$ 9,048,663
Current healthcare cost trend rate (7%)	10,556,773
1% increase (8%)	12,064,883

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

For the year ended June 30,2020, the District recognized OPEB expense of $841,354. At June 30, 2020, the District reported deferred outflows of resources for the amount paid by the District for OPEB as the benefits come due subsequent to measurement date of $584,699.

Note 11 - Fund Balances

Fund balance are composed of the following elements:

	General Fund	Adult Education Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 40,000	$ -	$ -	$ -	$ -	$ 40,000
Stores inventories	-	-	-	-	41,148	41,148
Total nonspendable	40,000	-	-	-	41,148	81,148
Restricted						
Legally restricted programs	6,722,297	-	-	-	-	6,722,297
Food service	-	-	-	-	2,329,006	2,329,006
Capital projects	-	-	94,003,265	-	2,547,443	96,550,708
Debt services	-	-	-	25,367,594	-	25,367,594
Total restricted	6,722,297	-	94,003,265	25,367,594	4,876,449	130,969,605
Assigned						
Other	-	1,895,452	-	-	-	1,895,452
Unassigned						
Reserve for economic uncertainties	3,328,909	-	-	-	-	3,328,909
Remaining unassigned	6,372,242	-	-	-	-	6,372,242
Total unassigned	9,701,151	-	-	-	-	9,701,151
Total	$ 16,463,448	$ 1,895,452	$ 94,003,265	$ 25,367,594	$ 4,917,597	$ 142,647,356

Note 12 - Lease Revenues

The District has property held for lease. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as $36,000 per year for each of the next five years and $144,000 thereafter.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with East Bay Schools Insurance Group (EBSIG) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020, the District participated in the Alameda County Schools Insurance Group (ACSIG), an insurance purchasing pool. The intent of ACSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in ACSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of ACSIG. Participation in ACSIG is limited to districts that can meet the ACSIG selection criteria.

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 86,468,577	$ 53,766,061	$ 6,350,044	$ 18,223,959
CalPERS	29,712,615	6,624,546	13,790,962	8,345,999
Total	$ 116,181,192	$ 60,390,607	$ 20,141,006	$ 26,569,958

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $9,233,571.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 86,468,577
State's proportionate share of the net pension liability	47,174,381
Total	$ 133,642,958

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0957 percent and 0.0916 percent, resulting in a net increase in the proportionate share of 0.0041 percent.

For the year ended June 30, 2020, the District recognized pension expense of $18,223,959. In addition, the District recognized pension expense and revenue of $7,025,283 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,233,571	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	33,377,818	582,663
Differences between projected and actual earnings on pension plan investments	-	3,330,797
Differences between expected and actual experience in the measurement of the total pension liability	218,287	2,436,584
Changes of assumptions	10,936,385	-
Total	$ 53,766,061	$ 6,350,044

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (335,969)
2022	(2,644,261)
2023	(548,989)
2024	198,422
Total	$ (3,330,797)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 10,025,557
2022	9,831,336
2023	10,400,248
2024	10,565,241
2025	428,992
Thereafter	261,869
Total	$ 41,513,243

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 128,758,868
Current discount rate (7.10%)	86,468,577
1% increase (8.10%)	51,401,871

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $2,951,047.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $29,712,615. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.1020 percent and 0.1007 percent, resulting in a net increase in the proportionate share of 0.0013 percent.

For the year ended June 30, 2020, the District recognized pension expense of $8,345,999. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,951,047	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	100,758	13,515,371
Differences between projected and actual earnings on pension plan investments	-	275,591
Differences between expected and actual experience in the measurement of the total pension liability	2,158,328	-
Changes of assumptions	1,414,413	-
Total	$ 6,624,546	$ 13,790,962

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 272,037
2022	(543,387)
2023	(82,343)
2024	78,102
Total	$ (275,591)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (11,031,540)
2022	771,310
2023	380,326
2024	38,032
Total	$ (9,841,872)

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 42,828,780
Current discount rate (7.15%)	29,712,615
1% increase (8.15%)	18,831,849

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

The District also contributes to the San Leandro District 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

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 $5,577,090 (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. On behalf payments have been included in the calculation of available reserves, and included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019-2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contribution have been recorded in these financial statements. On behalf payments related to these additional contributions have been included in the calculation of available reserves, and included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 15 - Commitments and Contingencies

Grants

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

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Madison Wing Remodel	$ 98,000	September-20
Garfield Modulars	325,000	November-20
Wilson Modulars	87,000	November-20
McKinley Modulars	2,100,000	August-20
Jefferson Modulars	850,000	September-20
Roosevelt Modulars	1,946,000	December-20
Washington Modulars	1,900,000	July-21
HVAC Project District-wide	100,000	December-20
Total	$ 7,406,000	

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

The District is a member of the East Bay Schools Insurance Group and Alameda County Schools Insurance Group public entity risk pools and the Eden Area Regional Occupational Program and the School Project for Utility Rate Reduction joint powers authorities (JPA's). The District pays an annual premium to the applicable entity for its workers' compensation, and property liability coverage. Payments for regional occupational programs and utilities are paid to the JPAs. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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 District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2020, the District made payments of $772,510 to East Bay Schools Insurance Group, $2,095,708 to Alameda County Schools Insurance Group, $136,082 to School Project for Utility Rate public entity risk pool, and $1,252,649to the Eden Area Regional Occupational Program for occupational programs.

Note 17 - Subsequent Events

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

Required Supplementary Information
June 30, 2020

San Leandro Unified School District

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	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	$ 89,044,292	$ 90,134,697	$ 92,163,590	$ 2,028,893
Federal sources	4,621,507	4,804,565	4,517,404	(287,161)
Other State sources	8,244,272	10,423,842	12,429,299	2,005,457
Other local sources	6,689,890	6,362,754	5,894,345	(468,409)
Total revenues [1]	108,599,961	111,725,858	115,004,638	3,278,780
Expenditures				
Current				
Certificated salaries	53,541,406	55,483,047	53,847,835	1,635,212
Classified salaries	13,800,710	13,946,197	14,125,960	(179,763)
Employee benefits	21,378,744	22,476,070	23,887,710	(1,411,640)
Books and supplies	2,799,606	3,053,099	2,363,880	689,219
Services and operating expenditures	15,111,588	16,656,748	14,606,010	2,050,738
Other outgo	963,064	1,117,060	(268,653)	1,385,713
Capital outlay	110,000	536,713	857,751	(321,038)
Debt service				
Debt service - principal	-	-	162,215	(162,215)
Debt service - interest and other	-	-	-	-
Total expenditures [1]	107,705,118	113,268,934	109,582,708	3,686,226
Excess (Deficiency) of Revenues Over Expenditures	894,843	(1,543,076)	5,421,930	6,965,006
Other Financing Sources (Uses)				
Transfers in	-	-	1,735,117	1,735,117
Other sources	-	-	-	-
Transfers out	(110,000)	(110,000)	(110,968)	(968)
Other uses	-	-	(1,269,971)	(1,269,971)
Net financing sources (uses)	(110,000)	(110,000)	354,178	464,178
Net Change in Fund Balances	784,843	(1,653,076)	5,776,108	7,429,184
Fund Balance - Beginning	10,687,340	10,687,340	10,687,340	-
Fund Balance - Ending	$ 11,472,183	$ 9,034,264	$ 16,463,448	$ 7,429,184

[1] On behalf payments of $6,530,386 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ -
Federal sources	395,000	490,780	490,780	-
Other State sources	1,835,537	2,222,894	2,223,620	726
Other local sources	140,000	144,700	145,354	654
Total revenues	2,370,537	2,858,374	2,859,754	1,380
Expenditures				
Current				
Certificated salaries	1,182,941	1,184,872	1,473,100	288,228
Classified salaries	343,377	352,761	-	(352,761)
Employee benefits	634,223	518,943	239,035	(279,908)
Books and supplies	131,340	99,023	-	(99,023)
Services and operating expenditures	90,446	571,741	773,511	201,770
Other outgo	169,000	217,900	-	(217,900)
All other administration	-	-	76,600	76,600
Plant services	-	-	102,104	102,104
Facility acquisition and construction	-	-	70,496	70,496
Debt service				
Principal	-	-	87,037	87,037
Interest and other	-	-	8,787	8,787
Total expenditures	2,551,327	2,945,240	2,830,670	(114,570)
Excess (Deficiency) of Revenues Over Expenditures	(180,790)	(86,866)	29,084	115,950
Other Financing Sources (Uses)				
Transfers in	110,000	110,000	110,968	968
Net financing sources (uses)	110,000	110,000	110,968	968
Net Change in Fund Balances	(70,790)	23,134	140,052	116,918
Fund Balance - Beginning	1,755,400	-	1,755,400	1,755,400
Fund Balance - Ending	$ 1,684,610	$ 23,134	$ 1,895,452	$ 1,872,318

	2020	2019	2018
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service cost	$ 1,029	$ 13,796	$ 12,883
Interest	21,196	16,332	26,219
Difference between expected and actual experience	1,967,287	1,484,801	110,128
Changes of assumptions	(167,560)	1,016,021	1,470,083
Benefit payments	(574,852)	(560,892)	(599,998)
Net change in total OPEB liability	1,247,100	1,970,058	1,019,315
Total OPEB Liability - Beginning	9,309,673	7,339,615	6,320,300
Total OPEB Liability - Ending	$ 10,556,773	$ 9,309,673	$ 7,339,615
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]

[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.

	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalSTRS						
Proportion of the net pension liability (asset)	0.0957%	0.0916%	0.0900%	0.0912%	0.0959%	0.0927%
Proportionate share of the net pension liability (asset)	$ 86,468,577	$ 84,141,140	$ 83,191,072	$ 73,767,453	$ 64,583,072	$ 54,149,390
State's proportionate share of the net pension liability (asset)	47,174,381	48,174,738	49,215,136	41,994,495	34,157,326	32,697,739
Total	$ 133,642,958	$ 132,315,878	$ 132,406,208	$ 115,761,948	$ 98,740,398	$ 86,847,129
Covered payroll	$ 52,422,426	$ 49,309,418	$ 47,610,636	$ 44,790,522	$ 43,850,169	43,790,149
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	164.95%	170.64%	174.73%	164.69%	147.28%	124%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CalPERS						
Proportion of the net pension liability (asset)	0.1020%	0.1007%	0.1049%	0.1083%	0.1070%	0.1091%
Proportionate share of the net pension liability (asset)	$ 29,712,615	$ 26,856,025	$ 25,031,054	$ 21,379,819	$ 15,775,264	$ 12,387,907
Covered payroll	$ 13,362,335	$ 13,293,587	$ 13,400,763	$ 12,883,557	$ 11,850,395	11,851,312
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.36%	202.02%	186.79%	165.95%	133.12%	105%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 9,233,571	$ 8,534,371	$ 7,115,349	$ 5,989,418	$ 4,806,023	$ 3,893,895
Less contributions in relation to the contractually required contribution	9,233,571	8,534,371	7,115,349	5,989,418	4,806,023	3,893,895
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 53,997,491	$ 52,422,426	$ 49,309,418	$ 47,610,636	$ 44,790,522	$ 43,850,169
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 2,951,047	$ 2,413,505	$ 2,064,627	$ 1,861,098	$ 1,526,315	$ 1,394,910
Less contributions in relation to the contractually required contribution	2,951,047	2,413,505	2,064,627	1,861,098	1,526,315	1,394,910
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,963,983	$ 13,362,335	$ 13,293,587	$ 13,400,763	$ 12,883,557	$ 11,850,395
Contributions as a percentage of covered payroll	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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 schedules presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 1.82 to 1.96 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 plans from the previous valuations.

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

San Leandro Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 1,994,599
Special Education Grants to States - Mental Health	84.027	14468	98,908
Special Education Preschool Grants	84.173	13430	51,780
Total Special Education Cluster			2,145,287
Adult Education - Basic Grants to States	84.002	14508	274,550
Adult Education - Basic Grants to States	84.002	13978	130,900
Adult Education - Basic Grants to States	84.002	14109	85,330
Subtotal			490,780
Title I Grants to Local Educational Agencies	84.010	14329	1,486,150
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	234,070
English Language Acquisition State Grants - LEP	84.365	14346	293,350
English Language Acquisition State Grants - Immigrant Education Program	84.365	[1]	47,097
Student Support and Academic Enrichment Program	84.424	15396	118,637
Twenty-First Century Community Learning Centers	84.287	14349	107,100
Education for Homeless Children and Youth	84.196	14332	25,000
Career and Technical Education - Basic Grants to States	84.048	14894	60,712
Total U.S. Department of Education			5,008,183
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	2,454,267
National School Lunch Program - Meal Supplements	10.555	13396	128,971
School Breakfast Program - Especially Needy Breakfast	10.553	13526	432,247
National School Lunch Program - Commodity Supplemental Food [2]	10.555	13391	306,859
Total Child Nutrition Cluster			3,322,344
Child and Adult Care Food Program	10.558	13393	514,329
Total U.S. Department of Agriculture			3,836,673
Total Expenditures of Federal Awards			$ 8,844,856

[1] Catalog number not available
[2] Not recorded in the financial statements

See Notes to Supplementary Information

The San Leandro Unified School District was established July 1, 1952 and consists of an area comprising approximately 15 square miles. The District operates eight elementary schools, two middle schools, one comprehensive high school, one adult school and one independent study center. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Peter Oshinski	President	2020
Evelyn Gonzales	Vice President	2020
Christian Rodriguez	Clerk	2022
James Aguilar	Member	2022
Leo Sheridan	Member	2022
Monique M. Tate	Member	2020
Diana Prola	Member	2020

ADMINISTRATION

Michael McLaughlin, Ed. D.	Superintendent
Sonal Patel, Ed. D.	Assistant Superintendent, Educational Services
John Thompson, Ed. D.	Assistant Superintendent, Human Resources
Kevin Collins, Ed. D.	Assistant Superintendent, Business and Operations

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	2,709.13	2,709.13	2,709.13	2,709.13
Fourth through sixth	1,876.61	1,876.61	1,876.61	1,876.61
Seventh and eighth	1,299.90	1,299.90	1,299.90	1,299.90
Ninth through twelfth	2,685.83	2,685.83	2,680.60	2,680.60
Total Regular ADA	8,571.47	8,571.47	8,566.24	8,566.24
Extended Year Special Education				
Transitional kindergarten through third	5.64	5.64	5.64	5.64
Fourth through sixth	2.84	2.84	2.84	2.84
Seventh and eighth	0.85	0.85	0.85	0.85
Ninth through twelfth	3.18	3.18	3.18	3.18
Total Extended Year Special Education	12.51	12.51	12.51	12.51
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	4.35	4.35	4.35	4.35
Fourth through sixth	7.78	7.78	7.78	7.78
Seventh and eighth	3.61	3.61	3.61	3.61
Ninth through twelfth	11.57	11.57	11.57	11.57
Total Special Education, Nonpublic, Nonsectarian Schools	27.31	27.31	27.31	27.31
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	0.21	0.21	0.21	0.21
Fourth through sixth	0.47	0.47	0.47	0.47
Seventh and eighth	0.37	0.37	0.37	0.37
Ninth through twelfth	1.10	1.10	1.10	1.10
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.15	2.15	2.15	2.15
Total ADA	8,613.44	8,613.44	8,608.21	8,608.21

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	47,450	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		51,830	180	N/A	Complied
Grade 2		51,830	180	N/A	Complied
Grade 3		51,830	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		55,290	180	N/A	Complied
Grade 5		55,290	180	N/A	Complied
Grade 6		57,750	180	N/A	Complied
Grade 7		57,750	180	N/A	Complied
Grade 8		57,750	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,119	180	N/A	Complied
Grade 10		65,119	180	N/A	Complied
Grade 11		65,119	180	N/A	Complied
Grade 12		65,119	180	N/A	Complied

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

	2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 113,807,900	$ 115,004,639	$ 113,118,970	$ 100,131,783
Other sources	-	1,735,117	-	-
Total Revenues and Other Sources	113,807,900	116,739,756	113,118,970	100,131,783
Expenditures	111,570,165	109,582,709	109,879,307	98,893,582
Other uses and transfers out	110,000	1,380,939	144,905	224,566
Total Expenditures and Other Uses	111,680,165	110,963,648	110,024,212	99,118,148
Increase/(Decrease) in Fund Balance	2,127,735	5,776,108	3,094,758	1,013,635
Ending Fund Balance	$ 18,591,183	$ 16,463,448	$ 10,687,340	$ 7,592,582
Available Reserves [2]	$ 9,725,138	$ 9,701,151	$ 5,930,077	$ 3,422,941
Available Reserves as a Percentage of Total Outgo	8.71%	8.74%	5.39%	3.45%
Long-Term Liabilities	$ 343,728,067	$ 355,361,762	$ 284,213,010	$ 235,696,186
K-12 Average Daily Attendance at P-2	8,613	8,608	8,490	8,439

The General Fund balance has increased by $8,870,866 over the past two years. The fiscal year 2020-2021 budget projects a further increase of $2,127,735 (12.9 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have increased by $119,665,576 over the past two years.

Average daily attendance has increased by 169 over the past two years. Additional growth of 5 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund
[3] On behalf payments of $6,580,386 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2020, 2019, and 2018.

Name of Charter School and Charter Number	Included in Audit Report
Not applicable	

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 1,482,066	$ 15,272	$ 2,327,446	$ 3,824,784
Receivables	1,076,609	195,725	9,000	1,281,334
Due from other funds	52,650	-	-	52,650
Stores inventories	41,148	-	-	41,148
Total assets	$ 2,652,473	$ 210,997	$ 2,336,446	$ 5,199,916
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 78,919	$ -	$ -	$ 78,919
Due to other funds	203,400	-	-	203,400
Total liabilities	282,319	-	-	282,319
Fund Balances				
Nonspendable	41,148	-	-	41,148
Restricted	2,329,006	210,997	2,336,446	4,876,449
Total fund balances	2,370,154	210,997	2,336,446	4,917,597
Total liabilities and fund balances	$ 2,652,473	$ 210,997	$ 2,336,446	$ 5,199,916

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues				
Federal sources	$ 3,829,643	$ -	$ -	$ 3,829,643
Other State sources	236,900	-	-	236,900
Other local sources	533,833	311,877	179,793	1,025,503
Total revenues	4,600,376	311,877	179,793	5,092,046
Expenditures				
Current				
Pupil services				
Food services	3,894,082	-	-	3,894,082
Administration				
All other administration	192,050	-	-	192,050
Plant services	-	-	227,494	227,494
Facility acquisition and construction	39,497	-	15,533	55,030
Debt service				
Principal	-	611,393	-	611,393
Interest and other	-	31,791	-	31,791
Total expenditures	4,125,629	643,184	243,027	5,011,840
Excess (Deficiency) of Revenues Over Expenditures	474,747	(331,307)	(63,234)	80,206
Other Financing Sources (Uses)				
Transfers in	-	-	159,660	159,660
Net Financing Sources (Uses)	-	-	159,660	159,660
Net Change in Fund Balances	474,747	(331,307)	96,426	239,866
Fund Balance - Beginning	1,895,407	542,304	2,240,020	4,677,731
Fund Balance - Ending	$ 2,370,154	$ 210,997	$ 2,336,446	$ 4,917,597

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance. No Federal financial assistance has been provided to a subrecipient.

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

Description	CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 8,837,827
Commodities	10.555	306,859
Child and Adult Care Food Program	10.558	(299,830)
Total Schedule of Expenditures of Federal Awards		$ 8,844,856

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 52 days due to the pandemic. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

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

Independent Auditor's Reports
June 30, 2020

San Leandro Unified School District

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

To the Board of Directors
San Leandro Unified School District
San Leandro, 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 San Leandro Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise San Leandro Unified School District's basic financial statements and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether San Leandro 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.

Eide Bailly LLP

San Ramon, California
December 4, 2020

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

To the Board of Directors
San Leandro Unified School District
San Leandro, California

Report on Compliance for the Major Federal Program

We have audited San Leandro 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 San Leandro Unified School District's major federal program for the year ended June 30, 2020. San Leandro Unified School District's major federal program is 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 San Leandro Unified School District's major federal program 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 San Leandro 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 the major federal program. However, our audit does not provide a legal determination of San Leandro Unified School District's compliance.

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

Report on Internal Control over Compliance

Management of San Leandro 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 San Leandro Unified School District‘s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 San Leandro Unified School District‘s internal control over compliance.

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

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

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

Eide Bailly LLP

San Ramon, California
December 4, 2020

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Directors
San Leandro Unified School District
San Leandro, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Compliance Requirements Tested

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

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

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

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

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

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

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

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

Basis for Qualified Opinion on Independent Study

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, San Leandro Unified School District did not comply with requirements regarding independent study as noted in finding 2020-001. Compliance with such requirements is necessary, in our opinion, for San Leandro Unified School District to comply with the requirements referred to above.

Qualified Opinion on Independent Study Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Leandro Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

San Leandro Unified School District's response to the noncompliance finding(s) identified in our audit is(are) described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.* San Leandro Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs

In our opinion, San Leandro Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

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

Eide Bailly LLP

San Ramon, California
December 4, 2020

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Special Education Cluster	84.027, 84.173

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:	Qualified

Unmodified for all programs except for the following program which was qualified:

Name of Program
Independent Study

None reported.

None reported.

The following findings represent instances of noncompliance and/or questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report card

2020-001 Code 10000 – Attendance – Independent Study

Criteria or Specific Requirements
Education code requires independent study work product samples used to establish be maintained for subsequent review

Condition
Short term independent study work samples were not available for review at one site.

Questioned Costs
5.23 ADA at P2 and annual, or $60,134 (5.23 ADA x $11,497.98/ADA).

Context
Records related to short term independent study at one of eleven sites were not available for review.

Effect
Documents allowing tracing of attendance to the record of work completed and work samples were not provided. Unable to verify that pupil work product samples are related to the assignment pursuant to which the work was undertaken and reflects the curriculum adopted by the board.

Cause
Short term independent study work sample documents were not retained in a manner that allowed for retrieval when necessary.

Repeat Finding (Yes or No)
No

Recommendation
The District should ensure that records of independent study work products are maintained and easily accessible for review when needed.

Corrective Action Plan

The district agrees with this finding and recommendation. The requirement to keep copies of student independent study work is part of the district's operating procedures and documentation, and the procedure is being followed at all other school sites. The district will review short term independent study policies and procedures with all site principals and clerical staff who are responsible for administering, collecting, and maintaining short term independent study work. District staff will be assigned to verify that school sites are following the independent study requirements.

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

Financial Statement Findings

2019-001 Accounts Payable Accruals (Code 30000)

Criteria or Specific Requirements
The completeness and accuracy criteria of recording expenses in the proper time period under Generally Accepted Accounting Principles indicate that an analysis should be performed on services provided prior to the fiscal year end to determine if an expense should be recorded through the posting of an accounts payable for expenses that have not been paid by the fiscal year end. When actual values are not available, due to invoices not having been received or other situations, the District should review the facts and circumstances of the services or materials provided, consider contacting the vendor or using other methods, to accrue an estimated amount based on the most current available information for any work completed or materials received by the fiscal year end.

Condition
The District did not accrue approximately $421,041 for the cost of services provided during the 2018-19 fiscal year for Measure J1 projects that were in progress over the fiscal year-end

Questioned Costs
Not Applicable.

Context
Services provided prior to June 30, 2019 had not been accrued.

Effect
The accounts payable and related expense accounts were understated in the Measure J1 Fund. The District accepted the proposed audit adjustment and the attached report reflects the inclusion of this amount.

Cause
The District process for estimating liabilities when no invoice has been received was not effective.

Repeat Finding (Yes or No)
No

Recommendation
The District should ensure that part of the fiscal year end close process is to verify that invoices have been received for all ongoing projects or amounts have been estimated where applicable. There are several methods that can be implemented if amounts need to be estimated, including estimates based on a prior month billing, estimating based on a percentage of completion, or estimating based on purchase order prices or contract rates.

Current status
Implemented

State Compliance Findings

2019-002 Independent Study (Code 10000)

Criteria or Specific Requirements
Education code requires independent study contracts be signed by both district personnel and the students parents prior to the start of the independent study projects

Condition
The District signatures on two short term independent study contracts for the K-3 grade span at two separate elementary schools were dated after the period of the independent study

Questioned Costs
P2 - $24,631. The questioned cost was extrapolated to elementary school short term attendance as follows: ADA of K-3 grade span at elementary schools 335.99 days / 135 days in period = 2.488815 ADA x $9,897 per ADA = $24,631.

Annual - $23,605. 429.32 days/ 180 days in period = 2.39 ADA x $9,897 per ADA = $23,605

Context
Contracts were signed after the work was performed.

Effect
Not in compliance with education code requirements to sign contracts prior to start of work

Cause
The District process for verifying contracts signed prior to start of work was not effective

Repeat Finding (Yes or No)
No

Recommendation
The District should ensure that independent study contracts are signed prior to the start of the work.

Current status
Implemented.