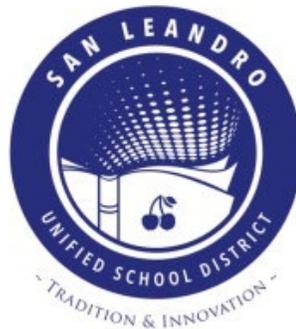




Financial Statements  
June 30, 2022

# San Leandro Unified School District



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## Independent Auditor's Report

To the Governing Board  
San Leandro Unified School District  
San Leandro, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Leandro Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Leandro Unified School District, as of June 30, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the San Leandro Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Adoption of New Accounting Standard*

As discussed in Note 1 to the financial statements, the San Leandro Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and General Fund fund balance as of July 1, 2021. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Leandro Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 San Leandro Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Leandro Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Leandro Unified School District's basic financial statements. The supplementary information such as local education agency organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, combining non-major governmental fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 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, and 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.

A handwritten signature in cursive script that reads "Eric Sully LLP".

San Ramon, California  
December 13, 2022



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, 2022, with comparative information for the year ended 2021. 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 14 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 school (grades K-12). As of June 30, 2022, 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 and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No.34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. 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 two categories of activities: governmental and proprietary.

- 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.

*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**

<b>Type of Statements</b>	<b>District-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet.</li> <li>• Statement of Revenues, Expenditures &amp; changes in fund balances</li> <li>• Reconciliation to government wide financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, &amp; Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
<i>Accounting basis and Measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	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,
<i>Type of inflow/outflow information</i>	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

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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** – All 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 the 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 District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for funds held on behalf of others, like funds for, employee retiree benefits and pensions. The District's does not currently have any fiduciary activities.

## **THE DISTRICT AS A WHOLE**

### **Net Position**

The District's net position (deficit) was \$(30.5) million for the fiscal year ended June 30, 2022. Of this amount, \$(62.6) 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	
	2022	2021 as restated*
<b>Assets</b>		
Current and other assets	\$ 143,702,243	\$ 164,304,523
Capital assets and right-to-use leased assets	263,989,340	259,331,502
Total assets	<u>407,691,583</u>	<u>423,636,025</u>
Deferred outflows of resources	<u>40,406,091</u>	<u>51,398,921</u>
<b>Liabilities</b>		
Current liabilities	22,164,861	25,718,986
Long-term liabilities	<u>403,916,144</u>	<u>486,408,989</u>
Total liabilities	<u>426,081,005</u>	<u>512,127,975</u>
Deferred inflows of resources	<u>52,492,019</u>	<u>3,584,106</u>
<b>Net Position</b>		
Net investment in capital assets	(9,551,882)	(9,281,465)
Restricted	41,670,119	39,500,977
Unrestricted (deficit)	<u>(62,593,587)</u>	<u>(70,896,647)</u>
Total net position (deficit)	<u><u>\$ (30,475,350)</u></u>	<u><u>\$ (40,677,135)</u></u>

\* As a result of GASB 87 implementation, \$260,485 of leases receivable and deferred inflows of resources-leases are added to the 2021 of the governmental activities.

The \$(62,593,587) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased from (\$70,896,647) to (\$62,593,587).

### 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 16. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2022	2021*
<b>Revenues</b>		
Program revenues		
Charges for services and sales	\$ 428,111	\$ 110,067
Operating grants and contributions	35,035,114	42,216,102
General revenues		
Federal and State aid not restricted	63,341,463	57,253,683
Property taxes	63,715,545	61,326,853
Other general revenues	3,025,414	2,152,521
Total revenues	165,545,647	163,059,226
<b>Expenses</b>		
Instruction-related	102,803,854	110,495,546
Pupil services	14,804,223	11,794,536
Administration	7,300,958	6,933,722
Plant services	16,059,074	17,362,335
All other services	14,375,753	14,016,169
Total expenses	155,343,862	160,602,308
Change in net position	\$ 10,201,785	\$ 2,456,918

\* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparatives purposes because the adoption of GASB 87 does not affect the statement of activities.

**Governmental Activities**

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$155,343,862. The cost was paid by those who benefited from the programs was \$428,111. Operating grants and contributions subsidized certain programs in the amount of \$35,035,114. We paid for the remaining "public benefit" portion of our governmental activities with \$63,715,545 in taxes, unrestricted Federal and State aid of \$63,341,463 and other revenues of \$3,025,414 for the fiscal year ended June 30, 2022.

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

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 102,803,854	\$ 110,495,546	\$ (79,612,908)	\$ (78,736,027)
Pupil services	14,804,223	11,794,536	(6,733,153)	(4,382,431)
Administration	7,300,958	6,933,722	(6,890,776)	(5,929,366)
Plant services	16,059,074	17,362,335	(15,131,240)	(16,702,610)
All other services	14,375,753	14,016,169	(11,512,560)	(12,525,705)
<b>Total</b>	<b>\$ 155,343,862</b>	<b>\$ 160,602,308</b>	<b>\$ (119,880,637)</b>	<b>\$ (118,276,139)</b>

\* The total and net cost of services for the fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes because the adoption of GASB 87 does not affect the statement of activities.

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$126,240,173, which is a decrease of \$16,532,816 from last year (Table 4).

**Table 4**

Governmental Fund	Balances and Activity			
	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 27,395,497	\$ 136,815,355	\$ 126,981,084	\$ 37,229,768
Student Activity Fund	466,320	748,496	757,456	457,360
Adult Education	1,962,889	2,353,106	2,519,142	1,796,853
Cafeteria	4,604,187	5,934,071	4,532,851	6,005,407
Building	78,448,390	(246,007)	23,427,070	54,775,313
Capital Facilities	297,596	103,272	62,437	338,431
Special Reserve Fund for Capital Outlay Projects	2,392,398	167,246	-	2,559,644
Bond Interest and Redemption	27,205,712	25,243,848	29,372,163	23,077,397
<b>Total</b>	<b>\$ 142,772,989</b>	<b>\$ 171,119,387</b>	<b>\$ 187,652,203</b>	<b>\$ 126,240,173</b>

The primary reasons for these increases/decreases are:

- a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from \$27.4 million to \$37.2 million. This due to:
  1. Increase in unduplicated pupil percentage and LCFF funding
  2. Receipt of one-time state funding
  3. Collection of restricted facilities funds for future construction

- b. The building fund decreased from \$78.5 million to \$54.8 million due to spending down funds for bond projects.
- c. The debt service fund showed a decrease of \$4.1 million for debt service payments associated with Measure N Series A.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2022. (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 66.

- Revenue revisions of approximately \$4 million were made to the 2021-22 budget due to additional LCFF funding. These additional revenues were allocated after adoption of the 2021-22 budget
- Budgeted expenditures between the original and final general fund budgets increased by \$1.7 million due to negotiated salary increase.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2022, the District had \$263,989,340 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$4.4 million, or 1.7% from last year (Table 5).

**Table 5**

	Governmental Activities	
	2022	2021*
Land and construction in progress	\$ 43,102,902	\$ 34,854,898
Buildings and improvements	217,749,762	221,480,150
Equipment	2,983,065	2,996,454
Leased assets	153,611	225,166
Total	\$ 263,989,340	\$ 259,556,668

\* Amount restated to show effect of GASB 87 implementation for comparative purpose.

This year’s additions of \$19 million included replacement of older middle school portable classrooms with modern modular classrooms, a new athletic field and entry design at Bancroft Middle School, planning for a new high school gymnasium and continuation school campus, and additional upgrades throughout the district.

Several capital projects are planned for the 2022-2023 year. We anticipate capital additions to be \$50,000,000 for the 2022-2023 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 \$403,916,144 in long-term liabilities outstanding versus \$486,630,204 last year, a decrease of 17.0%. Those long-term liabilities consisted of:

**Table 6**

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	\$ 299,866,459	\$ 316,756,547
Unamortized premiums/(discounts)	27,916,913	29,830,791
Leases	154,890	225,165
Compensated absences	780,183	734,718
Other long-term liabilities	378,273	470,070
Total OPEB liability	8,742,683	10,844,718
Aggregate net pension liability	66,076,743	127,768,195
Total	\$ 403,916,144	\$ 486,630,204

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 \$299,866,459 is significantly below this statutorily-imposed limit.

At year-end, the District has a net pension liability of \$66,076,743 versus \$127,768,195 last year, a decrease of \$61,691,452, or 48%.

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 2021-2022 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, and extensive planning for the construction of a new gymnasium and continuation school campus.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

In considering the District Budget for the 2022-2023 year, the governing board and management used the following criteria:

Revenue Assumptions:

- 6.56% COLA and 6.7% augmentation increase in 2022-23, 5.38% in 2023-24, and 4.02% in 2024-25
- A reduction of about 400 students from 2019-20 due to the impact of COVID and population changes
- No cuts to categorical programs
- STRS rates increasing from 16.92% to 19.10%, and PERS rates increasing from 22.91% to 25.37%
- Approximately \$8 million in COVID expenditures from state and federal COVID 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 14<sup>th</sup> Street, Suite 200, San Leandro, California, 94577, or e-mail at [kcollins@slusd.us](mailto:kcollins@slusd.us).

San Leandro Unified School District  
Statement of Net Position  
June 30, 2022

Assets	
Deposits and investments	\$ 133,299,287
Receivables	10,120,266
Stores inventories	42,977
Lease receivables	239,713
Capital assets not depreciated	43,102,902
Capital assets, net of accumulated depreciation	220,732,827
Right-to-use leased assets, net of accumulated depreciation	153,611
Total assets	407,691,583
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	673,978
Deferred outflows of resources related to pensions	39,732,113
Total deferred outflows of resources	40,406,091
Liabilities	
Accounts payable	15,268,378
Interest payable	5,150,182
Unearned revenue	1,746,301
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,212,207
Long-term liabilities other than OPEB and pensions due in more than one year	310,884,511
Total other postemployment benefits liability (OPEB)	8,742,683
Aggregate net pension liabilities	66,076,743
Total liabilities	426,081,005
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	52,264,095
Deferred inflows of resources related to leases	227,924
Total deferred inflows of resources	52,492,019
Net Position (Deficit)	
Net investment in capital assets	(9,551,882)
Restricted for	
Debt service	17,927,215
Capital projects	1,401,454
Educational programs	16,336,043
Food service	6,005,407
Unrestricted (deficit)	(62,593,587)
Total net position (deficit)	\$ (30,475,350)

San Leandro Unified School District  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>				
Instruction	\$ 88,081,105	\$ 6,947	\$ 19,517,395	\$ (68,556,763)
Instruction-related activities				
Supervision of instruction	4,629,329	439	2,221,260	(2,407,630)
Instructional library, media, and technology	2,488,946	328	557,144	(1,931,474)
School site administration	7,604,474	19	887,414	(6,717,041)
Pupil services				
Home-to-school transportation	2,643,532	-	650,571	(1,992,961)
Food services	4,796,045	196,600	5,503,214	903,769
All other pupil services	7,364,646	2,983	1,717,702	(5,643,961)
Administration				
Data processing	740,202	-	-	(740,202)
All other administration	6,560,756	5,414	404,768	(6,150,574)
Plant services	16,059,074	23,406	904,428	(15,131,240)
Ancillary services	1,683,824	429	754,765	(928,630)
Interest on long-term liabilities	11,347,591	-	-	(11,347,591)
Other outgo	1,344,338	191,546	1,916,453	763,661
<b>Total governmental activities</b>	<b>\$ 155,343,862</b>	<b>\$ 428,111</b>	<b>\$ 35,035,114</b>	<b>(119,880,637)</b>
<b>General Revenues and Subventions</b>				
Property taxes, levied for general purposes				35,795,222
Property taxes, levied for debt service				25,673,029
Taxes levied for other specific purposes				2,247,294
Federal and State aid not restricted to specific purposes				63,341,463
Interest and investment earnings				326,548
Interagency revenues				292,580
Miscellaneous				2,406,286
<b>Subtotal, general revenues, subventions and transfers</b>				<b>130,082,422</b>
Change in Net Position				10,201,785
Net Position (Deficit) - Beginning				(40,677,135)
Net Position (Deficit) - Ending				<b>\$ (30,475,350)</b>

San Leandro Unified School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 37,278,686	\$ 62,316,978	\$ 23,037,397	\$ 10,447,059	\$ 133,080,120
Receivables	8,706,330	104,000	40,000	1,269,636	10,119,966
Due from other funds	110,000	-	-	105,600	215,600
Stores inventories	-	-	-	42,977	42,977
Lease receivables	239,713	-	-	-	239,713
<b>Total assets</b>	<b>\$ 46,334,729</b>	<b>\$ 62,420,978</b>	<b>\$ 23,077,397</b>	<b>\$ 11,865,272</b>	<b>\$ 143,698,376</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 7,564,897	\$ 7,540,065	\$ -	\$ 163,416	\$ 15,268,378
Due to other funds	-	105,600	-	110,000	215,600
Unearned revenue	1,312,140	-	-	434,161	1,746,301
<b>Total liabilities</b>	<b>8,877,037</b>	<b>7,645,665</b>	<b>-</b>	<b>707,577</b>	<b>17,230,279</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources related to leases	227,924	-	-	-	227,924
<b>Fund Balances</b>					
Nonspendable	40,000	-	-	42,977	82,977
Restricted	14,539,190	54,775,313	23,077,397	9,618,097	102,009,997
Assigned	-	-	-	1,496,621	1,496,621
Unassigned	22,650,578	-	-	-	22,650,578
<b>Total fund balances</b>	<b>37,229,768</b>	<b>54,775,313</b>	<b>23,077,397</b>	<b>11,157,695</b>	<b>126,240,173</b>
<b>Total liabilities, deferred inflows inflows of resources, and fund balances</b>	<b>\$ 46,334,729</b>	<b>\$ 62,420,978</b>	<b>\$ 23,077,397</b>	<b>\$ 11,865,272</b>	<b>\$ 143,698,376</b>

San Leandro Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

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Total Fund Balance - Governmental Funds \$ 126,240,173

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	\$ 446,320,677
Accumulated depreciation is	<u>(182,484,948)</u>

Net capital assets	263,835,729
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Right-to-use leased assets used in governmental activities are  
 not financial resources and, therefore, are not reported as assets  
 in governmental funds.

The cost of right-to-use leased assets is	225,166
Accumulated amortization is	<u>(71,555)</u>

Net right-to-use leased assets	153,611
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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.

(5,150,182)

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 in the statement of net position.

219,467

Deferred outflows of resources represent a consumption of net  
 position in a future period and is not reported in the governmental  
 funds. Deferred outflows of resources amounted to and related to

Other postemployment benefits (OPEB)	673,978
Net pension liability	<u>39,732,113</u>

Total deferred outflows of resources	40,406,091
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Deferred inflows of resources represent an acquisition of net position  
 that applies to a future period and is not reported in the governmental  
 funds. Deferred inflows of resources amount to and related to

Net pension liability	<u>(52,264,095)</u>
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Total deferred inflows of resources	(52,264,095)
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San Leandro Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2022

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Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(66,076,743)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(8,742,683)
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	\$ (299,866,459)
Leases	(154,890)
Premium, net of accumulated amortization	(27,916,913)
Compensated absences (vacations)	(780,183)
Other long-term liabilities	<u>(378,273)</u>
Total long-term liabilities	<u>(329,096,718)</u>
Total net position (deficit) - governmental activities	<u><u>\$ (30,475,350)</u></u>

San Leandro Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local Control Funding Formula	\$ 97,205,981	\$ -	\$ -	\$ -	\$ 97,205,981
Federal sources	10,462,960	750,025	-	5,918,199	17,131,184
Other State sources	20,648,168	1,439	135,408	2,111,949	22,896,964
Other local sources	8,498,246	(997,471)	25,108,440	1,276,043	33,885,258
Total revenues	<u>136,815,355</u>	<u>(246,007)</u>	<u>25,243,848</u>	<u>9,306,191</u>	<u>171,119,387</u>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	85,017,822	-	-	1,123,389	86,141,211
Instruction-related activities					
Supervision of instruction	4,171,415	-	-	342,816	4,514,231
Instructional library, media, and technology	2,324,688	-	-	-	2,324,688
School site administration	6,666,008	-	-	716,073	7,382,081
Pupil services					
Home-to-school transportation	2,422,936	-	-	-	2,422,936
Food services	22,893	-	-	4,402,430	4,425,323
All other pupil services	7,090,446	-	-	-	7,090,446
Administration					
Data processing	682,455	-	-	-	682,455
All other administration	6,011,921	-	-	110,000	6,121,921
Plant services	10,109,350	3,641,282	-	116,902	13,867,534
Ancillary services	809,939	-	-	757,456	1,567,395
Other outgo	1,344,338	-	-	-	1,344,338
Facility acquisition and construction	215,176	19,785,788	-	206,063	20,207,027
Debt service					
Principal	70,725	-	16,890,088	91,797	17,052,610
Interest and other	20,972	-	12,482,075	4,960	12,508,007
Total expenditures	<u>126,981,084</u>	<u>23,427,070</u>	<u>29,372,163</u>	<u>7,871,886</u>	<u>187,652,203</u>
Net Change in Fund Balances	9,834,271	(23,673,077)	(4,128,315)	1,434,305	(16,532,816)
Fund Balance - Beginning, as restated	27,395,497	78,448,390	27,205,712	9,723,390	142,772,989
Fund Balance - Ending	<u>\$ 37,229,768</u>	<u>\$ 54,775,313</u>	<u>\$ 23,077,397</u>	<u>\$ 11,157,695</u>	<u>\$ 126,240,173</u>

San Leandro Unified School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended June 30, 2022

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Total Net Change in Fund Balances - Governmental Funds \$ (16,532,816)

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 and amortization expenses in the Statement of Activities.

This is the amount by which depreciation and amortization exceed capital outlays in the period.

Depreciation and amortization expenses	\$ (14,747,537)	
Capital outlays	<u>19,180,209</u>	
Net expense adjustment		4,432,672

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. (45,465)

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. 1,946,868

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. 2,182,737

San Leandro Unified School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended June 30, 2022

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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	1,913,878
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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	16,890,088
Other long-term liabilities	91,797
Leases	70,275

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.

(747,331)

Change in net position of governmental activities

\$ 10,201,785

San Leandro Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2022

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	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 219,167
Receivables	<u>300</u>
Total assets	<u>219,467</u>
Net Position	
Unrestricted	<u>219,467</u>
Total net position	<u><u>\$ 219,467</u></u>

San Leandro Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2022

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	Governmental Activities - Internal Service Fund
Nonoperating Revenues (Expenses)	
Interest income	<u>\$ 1,575</u>
Change in Net Position	1,575
Total Net Position - Beginning	<u>217,892</u>
Total Net Position - Ending	<u><u>\$ 219,467</u></u>

San Leandro Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2022

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	Governmental Activities - Internal Service Fund
Operating Activities	
Other operating cash receipts	\$ 130
Investing Activities	
Interest on investments	1,575
Net Change in Cash and Cash Equivalents	1,705
Cash and Cash Equivalents, Beginning	217,462
Cash and Cash Equivalents, Ending	\$ 219,167
Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities	
Changes in assets and liabilities	
Receivables	\$ 130
Net Cash From Operating Activities	\$ 130

## **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 school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For 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 two broad fund categories: governmental and proprietary.

**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.

**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.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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.

**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 and amortization of leased assets. 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 governmental 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 position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**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 in the fiscal year in which the taxes are received. 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 investment pool are determined by the program sponsor.

### **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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column 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, 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, 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 pension related items and for OPEB related items.

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

**Leases**

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**Fund Balances - Governmental Funds**

As of June 30, 2022, 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 \$41,670,119 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**

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 activities column of the Statement of Activities.

### **Estimates**

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

### **Property Tax**

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

### **Change in Accounting Principles**

#### **Implementation of GASB Statement No. 87**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 6.

#### **Implementation of GASB Statement No. 89**

As of July 1, 2021, The District adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The implementation of this Standard 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, there is no material effect of the implementation of this standard on the beginning net position.

### **Implementation of GASB Statement No. 92**

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

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.

The provisions of this Statement have been implemented as of June 30, 2022.

**Note 2 - Summary of Deposits and Investments**

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 133,080,120
Proprietary funds	<u>219,167</u>
Total deposits and investments	<u><u>\$ 133,299,287</u></u>

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 1,022,496
Cash in revolving	40,000
Investments	<u>132,236,791</u>
Total deposits and investments	<u><u>\$ 133,299,287</u></u>

**Policies and Practices**

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

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

**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	<u>\$ 132,236,791</u>	548 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, 2022.

**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, 2022, approximately \$158,000 of the District's bank balance 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's investments in the Alameda County Treasury Investment Pool are considered uncategorized in the fair value hierarchy.

**Note 4 - Receivables**

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Govemantal Funds	Total	Proprietary Funds
Federal Government						
Categorical aid	\$ 6,411,832	\$ -	\$ -	\$ 1,168,951	\$ 7,580,783	\$ -
State Government						
LCFF apportionment	621,382	-	-	-	621,382	-
Categorical aid	1,083,993	-	-	3,870	1,087,863	-
Lottery	511,000	-	-	-	511,000	-
Local Government						
Interest	60,000	104,000	40,000	10,850	214,850	300
Other local sources	18,123	-	-	85,965	104,088	-
Total	<u>\$ 8,706,330</u>	<u>\$ 104,000</u>	<u>\$ 40,000</u>	<u>\$ 1,269,636</u>	<u>\$ 10,119,966</u>	<u>\$ 300</u>

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 14,369,105	\$ -	\$ -	\$ 14,369,105
Construction in progress	20,485,793	17,007,323	(8,759,319)	28,733,797
Total capital assets not being depreciated	34,854,898	17,007,323	(8,759,319)	43,102,902
Capital assets being depreciated				
Land improvements	25,526,176	1,575,601	-	27,101,777
Buildings and improvements	353,901,325	9,058,668	-	362,959,993
Furniture and equipment	12,858,069	297,936	-	13,156,005
Total capital assets being depreciated	392,285,570	10,932,205	-	403,217,775
Total capital assets	427,140,468	27,939,528	(8,759,319)	446,320,677
Accumulated depreciation				
Land improvements	(17,202,130)	(788,288)	-	(17,990,418)
Buildings and improvements	(140,745,221)	(13,576,369)	-	(154,321,590)
Furniture and equipment	(9,861,615)	(311,325)	-	(10,172,940)
Total accumulated depreciation	(167,808,966)	(14,675,982)	-	(182,484,948)
Capital assets, net	259,331,502	13,263,546	(8,759,319)	263,835,729
Right-to-use leased assets being amortized				
Furniture and equipment	225,166	-	-	225,166
Total right-to-use assets leased assets being amortized	225,166	-	-	225,166
Accumulated amortization				
Furniture and equipment	-	(71,555)	-	(71,555)
Total accumulated amortization	-	(71,555)	-	(71,555)
Net right-to-use leased assets	225,166	(71,555)	-	153,611
Governmental activities capital assets and right-to-use leased assets, net	\$ 259,556,668	\$ 13,191,991	\$ (8,759,319)	\$ 263,989,340

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 9,257,873
Supervision of instruction	485,159
Instructional library, media, and technology	249,842
School site administration	793,376
Home-to-school transportation	260,401
Food services	475,604
All other pupil services	762,033
Anciliary Services	168,453
Data processing	73,346
All other administration	737,579
Plant services	1,483,871
Total depreciation and amortization expenses governmental activities	\$ 14,747,537

**Note 6 - Lease Receivables**

The District has entered into a lease agreement for facility use. The lease receivables are summarized below:

Lease Receivable	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Facilities Lease	\$ 260,485	\$ -	\$ (20,772)	\$ 239,713

**Facilities Lease**

The District leases its facilities to a third party for child care services. The lease is non-cancelable for a period of ten years. During the fiscal year, the District recognized \$20,772 in lease revenue and \$4,392 in interest revenue related to these agreements. At June 30, 2022, the District recorded \$239,713 in lease receivables and \$227,924 in deferred inflows of resources for these arrangements. The District used an interest rate of 2.82 based on the State and Local Government Series (SLGS) rate over the same time periods and adjust it by adding a risk factor of 1.5%.

The remaining principal payments on the receivable associated with these leases as of June 30, 2022, are as follows:

Year Ending June 30	Lease Revenue
2023	\$ 31,583
2024	32,292
2025	33,216
2026	34,164
2027	35,139
2028 - 2029	73,319
Totals	\$ 239,713

**Note 7 - Interfund Transactions**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

Due To	Due From Non-Major Governmental Funds		Total
	General Fund		
Building Fund	\$ -	\$ 105,600	\$ 105,600
Non-Major Governmental Funds	110,000		110,000
Total	\$ 110,000	\$ 105,600	\$ 215,600

All 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.

**Note 8 - Accounts Payable**

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Vendor payables	\$ 2,765,466	\$ 7,540,065	\$ 163,416	\$ 10,468,947
State apportionment	1,074,253		-	1,074,253
Salaries and benefits	3,725,178	-	-	3,725,178
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 7,564,897</u>	<u>\$ 7,540,065</u>	<u>\$ 163,416</u>	<u>\$ 15,268,378</u>

**Note 9 - Unearned Revenue**

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Federal categorical aid	\$ 1,010,278	\$ -	\$ 1,010,278
State categorical aid	301,862	-	301,862
Other local	-	434,161	434,161
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 1,312,140</u>	<u>\$ 434,161</u>	<u>\$ 1,746,301</u>

**Note 10 - Long-Term Liabilities Other than OPEB and Pensions**

**Summary**

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
<b>Long-Term Liabilities</b>					
General obligation bonds	\$ 316,756,547	\$ -	\$ (16,890,088)	\$ 299,866,459	\$ 16,134,482
Unamortized debt premiums	29,830,791	-	(1,913,878)	27,916,913	1,913,878
Leases	225,165	-	(70,275)	154,890	71,296
Compensated absences	734,718	45,465	-	780,183	-
Other long-term liability	470,070	-	(91,797)	378,273	92,551
	<u>470,070</u>	<u>-</u>	<u>(91,797)</u>	<u>378,273</u>	<u>92,551</u>
<b>Total</b>	<u>\$ 348,017,291</u>	<u>\$ 45,465</u>	<u>\$ (18,966,038)</u>	<u>\$ 329,096,718</u>	<u>\$ 18,212,207</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Lease payments are made by the General Fund. The other long-term liabilities are made by the Adult Education Fund. The accrued compensation will be paid by the fund for which the employee worked.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
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	8,816,484	-	(1,610,088)	7,206,396
5/24/2011	8/1/2041	3.00-5.75%	30,000,000	225,000	-	(225,000)	-
10/19/2011	8/1/2022	2.00-3.125%	7,560,000	1,650,000	-	(790,000)	860,000
7/10/2013	8/1/2026	0.55-4.00%	11,670,000	7,290,000	-	(1,055,000)	6,235,000
7/10/2013	8/1/2038	3.00-5.00%	20,100,000	18,725,000	-	(450,000)	18,275,000
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	29,090,000	-	(905,000)	28,185,000
11/2/2016	8/1/2031	2.00-5.00%	17,900,000	16,295,000	-	(645,000)	15,650,000
5/2/2017	8/1/2028	2.00-5.00%	23,675,000	16,665,000	-	(2,465,000)	14,200,000
5/2/2017	8/1/2046	3.00-5.00%	47,260,000	37,505,000	-	(175,000)	37,330,000
2/5/2019	8/1/2043	3.00-5.00%	50,240,000	50,240,000	-	(950,000)	49,290,000
2/5/2019	8/1/2043	4.00-5.00%	3,250,000	2,850,000	-	(1,800,000)	1,050,000
3/3/2020	8/1/2043	3.00-4.00%	74,995,000	74,995,000	-	(5,300,000)	69,695,000
4/14/2021	8/1/2026	2%	3,250,000	3,250,000	-	-	3,250,000
4/14/2021	8/1/2035	4%	24,435,000	24,435,000	-	(520,000)	23,915,000
				<u>\$ 316,756,547</u>	<u>\$ -</u>	<u>\$ (16,890,088)</u>	<u>\$ 299,866,459</u>

**Debt Service Requirements to Maturity**

The bonds mature through 2047 as follows:

Bonds Maturing Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 16,134,482	\$ 12,103,497	\$ 28,237,979
2024	17,012,077	11,426,541	28,438,618
2025	13,442,816	10,757,018	24,199,834
2026	14,267,021	10,156,123	24,423,144
2027	11,580,000	10,970,569	22,550,569
2028-2032	55,950,000	54,610,206	110,560,206
2033-2037	69,056,510	46,885,840	115,942,350
2038-2042	65,098,553	39,125,122	104,223,675
2043-2047	37,325,000	2,943,972	40,268,972
Total	<u>\$ 299,866,459</u>	<u>\$ 198,978,888</u>	<u>\$ 498,845,347</u>

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$780,183.

**Leases**

The District has entered into agreements to lease various facilities and equipment. The District’s liability on lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
District Office	\$ 202,717	\$ -	\$ (66,476)	\$ 136,241
Food Services Copier	7,232	-	(1,762)	5,470
Copier	15,216	-	(2,037)	13,179
Total	<u>\$ 225,165</u>	<u>\$ -</u>	<u>\$ (70,275)</u>	<u>\$ 154,890</u>

**District Office**

The District entered an agreement to lease the District Office for five years, beginning July 1, 2019. Under the term of the lease, the base rent is \$4,413 per month. Base rent shall be increased by the increase in the CPI for the San Francisco/Oakland/San Jose Bay Area annually. In no event shall the base rent be less than \$5,413 per month. At June 30, 2022, the District has recognized a right-to-use asset of \$135,145 and a lease liability of \$136,241 related to this agreement. During the fiscal year, the District recorded \$67,573 in amortization expense and \$2,423 in interest expense for the right-to-use the office space. The District used a discount rate of 1.96% based on the State and Local Government Series (SLGS) rate over the same time periods by adjusting a risk factor of 1.5%.

**Food Service Copier**

The District entered an agreement to lease food services copier for five years, beginning January 8, 2020. Under the terms of the lease, the District paid the monthly payments of \$155.38, which amounted to total principal and interest costs of \$1,873.82. The annual interest rate charged on the lease is 2.07%. At June 30, 2022, the District has recognized a right-to-use asset of \$5,424 and a lease liability of \$5,471 related to this agreement. During the fiscal year, the District recorded \$1,808 in amortization expense and \$103 in interest expense for the right to use of the copiers.

**Copier**

The District entered an agreement to lease a copier for five years, beginning December 15, 2017. Under the terms of the lease, the District paid the monthly payments of \$183.16, which amounted to total principal and interest costs of \$2,654.85. The annual interest rate charged on the lease is 2.59%. At June 30, 2022, the District has recognized a right-to-use asset of \$13,042 and a lease liability of \$13,179 related to this agreement. During the fiscal year, the District recorded \$2,174 in amortization expense and \$308.87 in interest expense for the right-to-use of the copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 71,296	\$ 1,814	\$ 73,110
2024	72,722	388	73,110
2025	4,027	183	4,210
2026	2,223	123	2,346
2027	2,281	65	2,346
2028-2032	2,341	5	2,346
Total	<u>\$ 154,890</u>	<u>\$ 2,578</u>	<u>\$ 157,468</u>

**Other Long-term Liabilities**

The District has entered into an agreement with Zion Bank to finance the purchase of the Adult Education site. The loan calls for an annual interest rate of 1.43%. During the fiscal year, the District paid \$95,747 in principal and \$4,923 in interest. The loan balance at June 30, 2022 was \$378,273. The loan is collateralized by the Adult Education building. The remaining principal and interest payment requirements for this liability as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 92,551	\$ 4,169	\$ 96,720
2024	93,883	2,837	96,720
2025	95,234	1,486	96,720
2026	96,605	115	96,720
Total	<u>\$ 378,273</u>	<u>\$ 8,607</u>	<u>\$ 386,880</u>

**Note 11 - Total Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2022, 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
District Plan	\$ 8,742,683	\$ 673,978	\$ -	\$ 711,628

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 July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	9
	<hr/>
Total	231
	<hr/> <hr/>

**Eligibility and Coverage**

Medical benefits are available to retired employees of the District. The District pays a portion of the monthly health insurance premium. Different reimbursement rates apply to different employment backgrounds, including:

- CSEA employees hire before July 1, 1996 (\$1,200 annual benefit);
- Teamsters hired before January 1, 1997 (\$1,000 annual benefit);
- SLTA employees hired before June 15, 1985 (retiree-only single premium); and
- Management employees hired before June 15, 1985 (retiree-only single premium).

Retiree medical benefits are also provided to some active employees who were grandfathered in to their plan at the time. This includes some members of CSEA, SLTA, and Teamsters. Retirees are eligible to have their health premiums paid when they retire. They may retire at the later of age 55 with 10 years of participation, or after age 55 if total age + service points equals 75. Other employment backgrounds have similar retirement provisions.

Depending on the guarantee made to each employee group, the health premiums reimbursed at age 65, once the retiree is eligible for Medicare, may drop to the amount of the Medicare supplemental premium.

Also, the District is required to pay CALPERS a minimum monthly benefit of \$111.75 per month per retiree.

For the fiscal year ended June 30, 2022 the District paid \$673,978 in benefits.

### **Total OPEB Liability of the District**

The District's total OPEB liability of \$8,742,683 was measured as of July 1, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the June 30, 2022 measurement date.

### **Actuarial Assumptions**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.00 percent
Mortality	1984 Unisex Mortality Table
Retirement age	For active employees, age 60 with 20 years of services
Healthcare cost trend rates	7.00 percent is rate for increase next year
(applies to retirees only)	3.00 percent is ultimate rate of increase
	2031 is the year ultimate rate is reached

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2021	\$ 10,844,718
Service cost	557
Interest	30,668
Differences between expected and actual experience	(486,283)
Changes of assumptions or other inputs	(1,085,906)
Benefit payments	(561,071)
Net change in total OPEB liability	(2,102,035)
Balance, June 30, 2022	\$ 8,742,683

Changes of assumptions and other inputs reflect a change in the discount rate from 0.92% in 2021 to 2.00% in 2022.

**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	\$ 9,740,875
Current discount rate (2.00%)	8,742,683
1% increase	7,900,794

**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%)	\$ 7,493,728
Current healthcare cost trend rate (7%)	8,742,683
1% increase (8%)	9,991,638

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$711,628. At June 30, 2022, 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 \$673,978.

**Note 12 - Fund Balances**

Fund balance are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Revolving cash	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Stores inventories	-	-	-	42,977	42,977
Total nonspendable	40,000	-	-	42,977	82,977
<b>Restricted</b>					
Legally restricted programs	14,539,190	-	-	2,254,213	16,793,403
Food service	-	-	-	5,962,430	5,962,430
Capital projects	-	54,775,313	-	1,401,454	56,176,767
Debt services	-	-	23,077,397	-	23,077,397
Total restricted	14,539,190	54,775,313	23,077,397	9,618,097	102,009,997
<b>Assigned</b>					
Other	-	-	-	1,496,621	1,496,621
<b>Unassigned</b>					
Reserve for economic uncertainties	3,809,567	-	-	-	3,809,567
Remaining unassigned	18,841,011	-	-	-	18,841,011
Total unassigned	22,650,578	-	-	-	22,650,578
Total	<u>\$ 37,229,768</u>	<u>\$ 54,775,313</u>	<u>\$ 23,077,397</u>	<u>\$ 11,157,695</u>	<u>\$ 126,240,173</u>

**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, 2022, 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 2022, 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, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 44,919,235	\$ 35,315,357	\$ 43,422,138	\$ 9,864,697
CalPERS	21,157,508	4,416,756	8,841,957	1,804,481
Total	<u>\$ 66,076,743</u>	<u>\$ 39,732,113</u>	<u>\$ 52,264,095</u>	<u>\$ 11,669,178</u>

The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, 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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$9,866,647.

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

At June 30, 2022, 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	\$ 44,919,235
State's proportionate share of the net pension liability	22,601,617
Total	\$ 67,520,852

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively was 0.0987% and 0.0991%, resulting in a net decrease in the proportionate share of 0.0004%.

For the year ended June 30, 2022, the District recognized pension expense of \$9,864,697. In addition, the District recognized pension expense and revenue of \$773,286 for support provided by the State. At June 30, 2022, 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	\$ 9,866,647	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	18,971,607	3,109,522
Differences between projected and actual earnings on pension plan investments	-	35,532,272
Differences between expected and actual experience in the measurement of the total pension liability	112,525	4,780,344
Changes of assumptions	6,364,578	-
Total	\$ 35,315,357	\$ 43,422,138

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
2023	\$ (9,023,066)
2024	(8,253,158)
2025	(8,457,974)
2026	(9,798,074)
Total	\$ (35,532,272)

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
2023	\$ 9,826,798
2024	9,995,585
2025	(227,802)
2026	(394,124)
2027	(648,255)
Thereafter	(993,358)
Total	<u>\$ 17,558,844</u>

#### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

### Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume 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%)	\$ 91,439,485
Current discount rate (7.10%)	44,919,235
1% increase (8.10%)	6,308,316

**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, 2020 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	On or before December 31, 2012	On or after 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	22.91%	22.91%

**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 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 the plan for the year ended June 30, 2022, is presented above and the total District contributions were \$3,749,397.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$21,157,508. The net pension liability was measured as of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1040% and 0.1035%, resulting in a net increase in the proportionate share of 0.0005%.

For the year ended June 30, 2022, the District recognized pension expense of \$1,804,481. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,749,397	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	35,753	672,457
Differences between projected and actual earnings on pension plan investments	-	8,119,623
Differences between expected and actual experience in the measurement of the total pension liability	631,606	49,877
Changes of assumptions	-	-
	\$ 4,416,756	\$ 8,841,957
Total		

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
2023	\$ (2,036,395)
2024	(1,872,648)
2025	(1,952,357)
2026	(2,258,223)
Total	\$ (8,119,623)

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
2023	\$ 228,770
2024	(119,962)
2025	(148,991)
2026	(14,792)
Total	\$ (54,975)

### 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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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% 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%. 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 35,674,530
Current discount rate (7.15%)	21,157,508
1% increase (8.15%)	9,105,266

**Tax Deferred Annuity/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 \$6,348,026 (10.828% 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.

**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, 2022.

**Litigation**

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

**Construction Commitments**

As of June 30, 2022, 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		
Elementary Shade Structures	\$3,200,000	September-22
Bancroft Entry/Site Improvements	\$7,800,000	September-22
Bancroft Modular Building	\$5,000,000	September-22
Muir Modular Building	\$10,000,000	March-23
McKinley Campus Upgrades	\$1,500,000	August-23
Lincoln High School	\$26,000,000	August-23
SLHS Courtyard	\$2,700,000	September-22
SLHS Gym	\$55,000,000	August-24

**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, 2021, the District made payments of \$875,383 to East Bay Schools Insurance Group, \$1,792,800 to Alameda County Schools Insurance Group, \$170,000 to School Project for Utility Rate public entity risk pool, and \$1,316,158 to the Eden Area Regional Occupational Program for occupational programs.

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

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires 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. The District had previously reported a capital lease that has been reclassified as a direct financing note payable. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. In addition to the reclassification of the previously reported capital lease, beginning fund balance and net position was restated to retroactively adopt the provisions of GASB Statement No. 87 for the lessor transactions as follows:

Government-Wide Financial Statements	
Net Position (Deficit)- Beginning	\$ (40,677,135)
Lease receivable(s)	260,485
Deferred inflows of resources related to leases	<u>(260,485)</u>
Net Position (Deficit) - Beginning as Restated	<u><u>\$ (40,677,135)</u></u>
General Fund	
Fund Balance - Beginning	\$ 27,395,497
Lease receivables	260,485
Deferred inflows of resources related to leases	<u>(260,485)</u>
Fund Balance - Beginning as Restated	<u><u>\$ 27,395,497</u></u>

**Note 18 - Subsequent Events**

The District issued \$74,995,000 of Series B and \$5,000,000 of Series C of Election 2020 General Obligation Bonds on September 14, 2022. The Series B bonds mature on August 1, 2048 and yield 2.860% - 5.250% interest. The Series C bonds mature on August 1, 2027 and yield 2.540% - 2.680% interest. The bonds were issued for the purpose of financing the renovation, construction, improvement and equipping of school facilities. The bonds are the second and third series of bonds to be issued under the 2020 Election.



Required Supplementary Information  
June 30, 2022

**San Leandro Unified School District**

San Leandro Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 93,530,274	\$ 97,438,458	\$ 97,205,981	\$ (232,477)
Federal sources	4,616,752	11,262,056	10,462,960	(799,096)
Other State sources	11,800,353	19,992,793	20,648,168	655,375
Other local sources	7,721,295	8,666,437	8,498,246	(168,191)
Total revenues <sup>1</sup>	<u>117,668,674</u>	<u>137,359,744</u>	<u>136,815,355</u>	<u>(544,389)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	59,808,371	61,280,017	59,324,271	1,955,746
Classified salaries	15,120,963	16,134,828	15,688,543	446,285
Employee benefits	26,455,199	26,522,370	25,660,323	862,047
Books and supplies	3,151,408	5,111,907	4,017,081	1,094,826
Services and operating expenditures	17,283,717	22,295,513	20,820,663	1,474,850
Other outgo	1,314,728	1,182,121	1,138,174	43,947
Capital outlay	161,900	312,961	240,332	72,629
Debt service				
Debt service - interest and other	-	-	20,972	(20,972)
Total expenditures <sup>1</sup>	<u>123,296,286</u>	<u>132,839,717</u>	<u>126,981,084</u>	<u>5,858,633</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,627,612)</u>	<u>4,520,027</u>	<u>9,834,271</u>	<u>5,314,244</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(160,000)	30,000	-	(30,000)
Net financing sources (uses)	<u>(160,000)</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net Change in Fund Balances	(5,787,612)	4,550,027	9,834,271	5,284,244
Fund Balance - Beginning	27,395,497	27,395,497	27,395,497	-
Fund Balance - Ending	<u>\$ 21,607,885</u>	<u>\$ 31,945,524</u>	<u>\$ 37,229,768</u>	<u>\$ 5,284,244</u>

San Leandro Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service cost	\$ 557	\$ 1,202	\$ 1,029	\$ 13,796	\$ 12,883
Interest	30,668	12,401	21,196	16,332	26,219
Difference between expected and actual experience	(486,283)	(452,688)	1,967,287	1,484,801	110,128
Changes of assumptions	(1,085,906)	1,332,482	(167,560)	1,016,021	1,470,083
Benefit payments	(561,071)	(605,452)	(574,852)	(560,892)	(599,998)
Net change in total OPEB liability	(2,102,035)	287,945	1,247,100	1,970,058	1,019,315
Total OPEB Liability - Beginning	<u>10,844,718</u>	<u>10,556,773</u>	<u>9,309,673</u>	<u>7,339,615</u>	<u>6,320,300</u>
Total OPEB Liability - Ending	<u>\$ 8,742,683</u>	<u>\$ 10,844,718</u>	<u>\$ 10,556,773</u>	<u>\$ 9,309,673</u>	<u>\$ 7,339,615</u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>

<sup>1</sup> 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.

San Leandro Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022

	2022	2021	2020	2019
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>CalSTRS</b>				
Proportion of the net pension liability	0.0987%	0.0991%	0.0957%	0.0916%
Proportionate share of the net pension liability	\$ 44,919,235	\$ 95,999,949	\$ 86,468,577	\$ 84,141,140
State's proportionate share of the net pension liability	22,601,617	49,487,985	47,174,381	48,174,738
Total	<u>\$ 67,520,852</u>	<u>\$ 145,487,934</u>	<u>\$ 133,642,958</u>	<u>\$ 132,315,878</u>
Covered payroll	<u>\$ 42,167,752</u>	<u>\$ 53,997,491</u>	<u>\$ 52,422,426</u>	<u>\$ 49,309,418</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>106.53%</u>	<u>177.79%</u>	<u>164.95%</u>	<u>170.64%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
<b>CalPERS</b>				
Proportion of the net pension liability	0.1040%	0.1035%	0.1020%	0.1007%
Proportionate share of the net pension liability	\$ 21,157,508	\$ 31,768,246	\$ 29,712,615	\$ 26,856,025
Covered payroll	<u>\$ 11,615,271</u>	<u>\$ 14,963,983</u>	<u>\$ 13,362,335</u>	<u>\$ 13,293,587</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>182.15%</u>	<u>212.30%</u>	<u>222.36%</u>	<u>202.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>

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

See Notes to Required Supplementary Information

San Leandro Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2022

	2018	2017	2016	2015
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalSTRS</b>				
Proportion of the net pension liability	0.0900%	0.0912%	0.0959%	0.0927%
Proportionate share of the net pension liability	\$ 83,191,072	\$ 73,767,453	\$ 64,583,072	\$ 54,149,390
State's proportionate share of the net pension liability	49,215,136	41,994,495	34,157,326	32,697,739
Total	<u>\$ 132,406,208</u>	<u>\$ 115,761,948</u>	<u>\$ 98,740,398</u>	<u>\$ 86,847,129</u>
Covered payroll	<u>\$ 47,610,636</u>	<u>\$ 44,790,522</u>	<u>\$ 43,850,169</u>	<u>43,790,149</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>174.73%</u>	<u>164.69%</u>	<u>147.28%</u>	<u>124%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
<b>CalPERS</b>				
Proportion of the net pension liability	0.1049%	0.1083%	0.1070%	0.1091%
Proportionate share of the net pension liability	<u>\$ 25,031,054</u>	<u>\$ 21,379,819</u>	<u>\$ 15,775,264</u>	<u>\$ 12,387,907</u>
Covered payroll	<u>\$ 13,400,763</u>	<u>\$ 12,883,557</u>	<u>\$ 11,850,395</u>	<u>11,851,312</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>186.79%</u>	<u>165.95%</u>	<u>133.12%</u>	<u>105%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>

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

See Notes to Required Supplementary Information

San Leandro Unified School District  
Schedule of the District's Contributions  
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>CaSTRS</b>				
Contractually required contribution	\$ 9,866,647	\$ 6,810,092	\$ 9,233,571	\$ 8,534,371
Less contributions in relation to the contractually required contribution	<u>\$ 9,866,647</u>	<u>6,810,092</u>	<u>9,233,571</u>	<u>8,534,371</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 58,313,517</u>	<u>\$ 42,167,752</u>	<u>\$ 53,997,491</u>	<u>\$ 52,422,426</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
<b>CaPERS</b>				
Contractually required contribution	\$ 3,749,397	\$ 2,404,361	\$ 2,951,047	\$ 2,413,505
Less contributions in relation to the contractually required contribution	<u>3,749,397</u>	<u>2,404,361</u>	<u>2,951,047</u>	<u>2,413,505</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,365,766</u>	<u>\$ 11,615,271</u>	<u>\$ 14,963,983</u>	<u>\$ 13,362,335</u>
Contributions as a percentage of covered payroll	<u>22.91%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.0620%</u>

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

San Leandro Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2022

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CaSTRS</b>				
Contractually required contribution	\$ 7,115,349	\$ 5,989,418	\$ 4,806,023	\$ 3,893,895
Less contributions in relation to the contractually required contribution	<u>7,115,349</u>	<u>5,989,418</u>	<u>4,806,023</u>	<u>3,893,895</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 49,309,418</u>	<u>\$ 47,610,636</u>	<u>\$ 44,790,522</u>	<u>\$ 43,850,169</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CaPERS</b>				
Contractually required contribution	\$ 2,064,627	\$ 1,861,098	\$ 1,526,315	\$ 1,394,910
Less contributions in relation to the contractually required contribution	<u>2,064,627</u>	<u>1,861,098</u>	<u>1,526,315</u>	<u>1,394,910</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 13,293,587</u>	<u>\$ 13,400,763</u>	<u>\$ 12,883,557</u>	<u>\$ 11,850,395</u>
Contributions as a percentage of covered payroll	<u>15.5310%</u>	<u>13.8880%</u>	<u>11.8470%</u>	<u>11.7710%</u>

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

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedules**

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

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

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

### **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 0.92% to 0.64% since 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 the District's 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, 2022

**San Leandro Unified School District**

San Leandro Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education			
Special Education Cluster			
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	\$ 100,754
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,104,536
COVID-19: Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	440,580
COVID-19: Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	38,359
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	<u>73,674</u>
Total Special Education Cluster			<u>2,757,903</u>
Adult Education: Adult Secondary Education (Section 231)	84.002	13978	105,844
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A	14508	247,343
Adult Education: English Literacy & Civics Education - Local Grant	84.002A	14109	<u>134,932</u>
Subtotal			<u>488,119</u>
COVID-19: ESSER - California Community Schools Partnership Program	84.425	15537	499,992
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	110
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	3,192,652
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	557,889
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	70,276
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	925,369
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	34,052
COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425W	15564	<u>7,307</u>
Subtotal			<u>5,287,647</u>
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,488,384
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	267,506
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	293,485
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	110,008
ESEA: Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETS	84.287	14535	109,272
ESEA (ESSA): Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	24,350
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Sec. 131	84.048	14894	<u>68,343</u>
Total U.S. Department of Education			<u>10,895,017</u>

San Leandro Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
COVID-19: SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	52,816
Supply Chain Assistance (SCA) Funds	10.555	15655	209,752
NSL Sec 4	10.555	13523	361,419
NSL Sec 11	10.555	13524	3,458,740
School Breakfast Basic	10.553	13525	89,564
School Breakfast Needy	10.553	13526	756,164
Commodities	10.553	13526	<u>347,056</u>
Total Child Nutrition Cluster			<u>5,275,511</u>
Child Nutrition: CACFP Claims - Centers and Family Day Care Homes	10.558	13529	149,906
Child Nutrition: CCFP Cash in Lieu of Commodities	10.558	13534	<u>4,663</u>
Subtotal			<u>154,569</u>
Total U.S. Department of Agriculture			<u>5,430,080</u>
U.S. Department of Health and Human Services			
CCDF Cluster			
Other Restrict Federal: Migrant Alternative Payment Program (Contract Prefix: CMAP)	93.575	15544	<u>5,814</u>
Total CCDF Cluster			<u>5,814</u>
Total U.S. Department of Health and Human Services			<u>5,814</u>
Federal Communications Commission			
COVID-19: Emergency Connectivity Fund Program	32.009	N/A	750,025
COVID-19: Emergency Connectivity Fund Program	32.009	N/A	<u>50,248</u>
Total Federal Communications Commission			<u>800,273</u>
Total Federal Financial Assistance			<u><u>\$17,131,184</u></u>

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 school. There were no boundary changes during the year.

**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
James Aguilar	President	2022
Peter Oshinski	Vice President	2024
Monique M. Tate	Clerk	2024
Evelyn Gonzalez	Member	2024
Diana Prola	Member	2024
Leo Sheridan	Member	2022
Liz Toledo	Member	2022

**ADMINISTRATION**

Michael McLaughlin, Ed. D.	Superintendent
Sonal Patel, Ed. D.	Assistant Superintendent, Educational Services
Zarina Zanipatin, Ed. D.	Assistant Superintendent, Administrative Services
Kevin Collins, Ed. D.	Assistant Superintendent, Business and Operations

San Leandro Unified School District  
 Schedule of Average Daily Attendance  
 June 30, 2022

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,374.23	2,391.59
Fourth through sixth	1,649.16	1,657.87
Seventh and eighth	1,130.36	1,140.29
Ninth through twelfth	2,538.54	2,529.51
Total Regular ADA	<u>7,692.29</u>	<u>7,719.26</u>
Extended Year Special Education		
Transitional kindergarten through third	3.60	3.60
Fourth through sixth	3.55	3.55
Seventh and eighth	1.22	1.22
Ninth through twelfth	2.30	2.30
Total Extended Year Special Education	<u>10.67</u>	<u>10.67</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.32	1.76
Fourth through sixth	6.86	6.95
Seventh and eighth	4.19	3.83
Ninth through twelfth	10.80	10.88
Total Special Education, Nonpublic, Nonsectarian Schools	<u>24.17</u>	<u>23.42</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.13	0.13
Fourth through sixth	0.77	0.77
Seventh and eighth	0.11	0.11
Ninth through twelfth	1.20	1.20
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>2.21</u>	<u>2.21</u>
Total ADA	<u><u>7,729.34</u></u>	<u><u>7,755.56</u></u>

San Leandro Unified School District  
 Schedule of Instructional Time  
 Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	45,045	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,350	180	N/A	Complied
Grade 2		52,350	180	N/A	Complied
Grade 3		52,350	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		57,650	180	N/A	Complied
Grade 7		57,650	180	N/A	Complied
Grade 8		57,650	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,145	180	N/A	Complied
Grade 10		65,145	180	N/A	Complied
Grade 11		65,145	180	N/A	Complied
Grade 12		65,145	180	N/A	Complied

The District did not file J-13A during 2021-22.

San Leandro Unified School District  
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
 Year Ended June 30, 2022

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Fund
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	\$38,131,779	\$56,319,908	\$ 23,648,428	\$11,400,606
The Fair Market Value adjustment for investments with the County Investment pool	(913,800)	(1,544,595)	(571,031)	(242,911)
The implementation adjustment for GASB 87, leases	11,789	-	-	-
	<u>11,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2022				
Audited Financial Statements	<u>\$37,229,768</u>	<u>\$54,775,313</u>	<u>\$ 23,077,397</u>	<u>\$11,157,695</u>

San Leandro Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2022

	(Budget) 2023 <sup>1</sup>	2022	2021 <sup>1</sup>	2020 <sup>1</sup>
General Fund				
Revenues	\$ 144,830,285	\$ 136,815,355	\$ 128,831,390	\$ 115,004,639
Other sources	-	-	-	1,735,117
Total Revenues and Other Sources	<u>144,830,285</u>	<u>136,815,355</u>	<u>128,831,390</u>	<u>116,739,756</u>
Expenditures	150,158,500	126,981,084	117,953,174	110,963,648
Other uses and transfers out	-	-	-	-
Total Expenditures and Other Uses	<u>150,158,500</u>	<u>126,981,084</u>	<u>117,953,174</u>	<u>110,963,648</u>
Increase/(Decrease) in Fund Balance	<u>(5,328,215)</u>	<u>9,834,271</u>	<u>10,878,216</u>	<u>5,776,108</u>
Ending Fund Balance	<u>\$ 31,901,553</u>	<u>\$ 37,229,768</u>	<u>\$ 27,395,497</u>	<u>\$ 16,463,448</u>
Available Reserves <sup>2</sup>	<u>\$ 18,994,844</u>	<u>\$ 22,650,578</u>	<u>\$ 16,360,650</u>	<u>\$ 9,701,151</u>
Available Reserves as a Percentage of Total Outgo	<u>12.65%</u>	<u>17.84%</u>	<u>13.87%</u>	<u>8.74%</u>
Long-Term Liabilities	<u>\$ 310,884,511</u>	<u>\$ 329,096,718</u>	<u>\$ 347,796,076</u>	<u>\$ 355,361,762</u>
K-12 Average Daily Attendance at P-2	<u>8,184</u>	<u>8,609</u>	<u>8,613</u>	<u>8,608</u>

The General Fund balance has increased by \$20,766,320 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$5,328,215 (14.3%). 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 deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$26,265,044 over the past two years.

Average daily attendance has increased by 1 over the past two years. The District anticipated a decline of 425 ADA during fiscal year 2022-2023.

<sup>1</sup> Financial information for 2023, 2021, and 2020 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund

San Leandro Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2022

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>Assets</b>						
Deposits and investments	\$ 457,360	\$ 2,202,568	\$ 5,074,606	\$ 227,502	\$ 2,485,023	\$ 10,447,059
Receivables	-	144,890	1,031,431	18,694	74,621	1,269,636
Due from other funds	-	-	-	105,600	-	105,600
Stores inventories	-	-	42,977	-	-	42,977
<b>Total assets</b>	<b>\$ 457,360</b>	<b>\$ 2,347,458</b>	<b>\$ 6,149,014</b>	<b>\$ 351,796</b>	<b>\$ 2,559,644</b>	<b>\$ 11,865,272</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 116,444	\$ 33,607	\$ 13,365	\$ -	\$ 163,416
Due to other funds	-	-	110,000	-	-	110,000
Unearned revenue	-	434,161	-	-	-	434,161
<b>Total liabilities</b>	<b>-</b>	<b>550,605</b>	<b>143,607</b>	<b>13,365</b>	<b>-</b>	<b>707,577</b>
<b>Fund Balances</b>						
Nonspendable	-	-	42,977	-	-	42,977
Restricted	457,360	1,796,853	5,962,430	338,431	1,063,023	9,618,097
Assigned	-	-	-	-	1,496,621	1,496,621
<b>Total fund balances</b>	<b>457,360</b>	<b>1,796,853</b>	<b>6,005,407</b>	<b>338,431</b>	<b>2,559,644</b>	<b>11,157,695</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 457,360</b>	<b>\$ 2,347,458</b>	<b>\$ 6,149,014</b>	<b>\$ 351,796</b>	<b>\$ 2,559,644</b>	<b>\$ 11,865,272</b>

San Leandro Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>Revenues</b>						
Federal sources	\$ -	\$ 488,119	\$ 5,430,080	\$ -	\$ -	\$ 5,918,199
Other State sources	-	1,815,368	296,581	-	-	2,111,949
Other local sources	748,496	49,619	207,410	103,272	167,246	1,276,043
<b>Total revenues</b>	<b>748,496</b>	<b>2,353,106</b>	<b>5,934,071</b>	<b>103,272</b>	<b>167,246</b>	<b>9,306,191</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	-	1,123,389	-	-	-	1,123,389
Instruction-related activities						
Supervision of instruction	-	342,816	-	-	-	342,816
School site administration	-	716,073	-	-	-	716,073
Pupil services						
Food services	-	-	4,402,430	-	-	4,402,430
Administration						
All other administration	-	-	110,000	-	-	110,000
Plant services	-	116,902	-	-	-	116,902
Ancillary services	757,456	-	-	-	-	757,456
Facility acquisition and construction						
	-	123,205	20,421	62,437	-	206,063
Debt service						
Principal	-	91,797	-	-	-	91,797
Interest and other	-	4,960	-	-	-	4,960
<b>Total expenditures</b>	<b>757,456</b>	<b>2,519,142</b>	<b>4,532,851</b>	<b>62,437</b>	<b>-</b>	<b>7,871,886</b>
<b>Net Change in Fund Balances</b>	<b>(8,960)</b>	<b>(166,036)</b>	<b>1,401,220</b>	<b>40,835</b>	<b>167,246</b>	<b>1,434,305</b>
<b>Fund Balance - Beginning</b>	<b>466,320</b>	<b>1,962,889</b>	<b>4,604,187</b>	<b>297,596</b>	<b>2,392,398</b>	<b>9,723,390</b>
<b>Fund Balance - Ending</b>	<b>\$ 457,360</b>	<b>\$ 1,796,853</b>	<b>\$ 6,005,407</b>	<b>\$ 338,431</b>	<b>\$ 2,559,644</b>	<b>\$ 11,157,695</b>

## **Note 1 - Purpose of Schedules**

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the San Leandro Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the San Leandro Unified School District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of San Leandro Unified School District.

#### Summary of Significant Accounting Policies

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

#### Indirect Cost Rate

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

#### Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$42,977 in inventory

### **Local Education Agency Organization Structure**

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

### **Schedule of Average Daily Attendance (ADA)**

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

### **Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

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

### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

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

These schedules are 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, 2022

**San Leandro Unified School District**



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

To the Governing Board  
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 (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 13, 2022.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement of lease receivable and deferred inflow of resources related to lease has been made to the Statement of Net Position and General Fund as of July 1, 2021. The restatement does not affect the beginning net position. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

San Ramon, California  
December 13, 2022



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

To the Governing Board  
San Leandro Unified School District  
San Leandro, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited San Leandro Unified School District (District)’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Leandro Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of San Leandro Unified School District’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

San Ramon, California  
December 13, 2022



## Independent Auditor's Report on State Compliance

To the Governing Board  
San Leandro Unified School District  
San Leandro, California

### Report on Compliance

#### *Opinion on State Compliance*

We have audited San Leandro Unified School District's (the District) compliance with requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures

Procedures  
Performed

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
<b>Local Education Agencies Other Than Charter Schools</b>	
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)
<b>School Districts, County Offices Of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Yes (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No (see below)
In Person Instruction Grant	Yes
<b>Charter Schools</b>	
Attendance	No (see below)
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	No (see below)
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

Early Retirement Incentive

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

#### Juvenile Court Schools

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

#### Middle or Early College High 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.

#### Apprenticeship: Related and Supplemental Instruction

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

#### District of Choice

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

#### California Clean Energy Jobs Act

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

#### After/Before School Education and Safety Program

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.

#### Independent Study - Course Based

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.

#### Immunization

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

#### Career Technical Education Incentive Grant

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

#### Charter Schools

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

### **Report on 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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

San Ramon, California  
December 13, 2022



Schedule of Findings and Questioned Costs  
June 30, 2022

# San Leandro Unified School District

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs**

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Child Nutrition Cluster	10.555, 10.553
Title I Grant to Local Education Agencies	84.010
COVID-19 Emergency Connectivity Fund Program	32.009
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D, 84.425, 84.425U 84.425W
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**State Compliance**

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

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