

SAN LEANDRO UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2023**

SAN LEANDRO UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2023

FINANCIAL SECTION

Report on the Audit of the Financial Statements	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Proprietary Funds – Statement of Net Position	19
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	20
Proprietary Funds – Statement of Cash Flows	21
Notes to Financial Statements.....	22

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule	56
Schedule of Changes in Total OPEB Liability and Related Ratios	57
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS	58
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS	59
Schedule of District Contributions - CalSTRS	60
Schedule of District Contributions - CalPERS	61
Notes to Required Supplementary Information	62

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....	64
Schedule of Average Daily Attendance (ADA)	65
Schedule of Instructional Time	66
Schedule of Financial Trends and Analysis	67
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	68
Schedule of Charter Schools	69
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71
Local Education Agency Organization Structure	72
Notes to Supplementary Information	73

SAN LEANDRO UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2023

OTHER INDEPENDENT AUDITORS' REPORTS

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*74

Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance
Required by the Uniform Guidance76

Report on State Compliance79

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results.....83

Financial Statement Findings84

Federal Award Findings and Questioned Costs85

State Award Findings and Questioned Costs86

Summary Schedule of Prior Audit Findings87

FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
San Leandro Unified School District
San Leandro, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise the San Leandro Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Leandro Unified School District, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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 generally accepted auditing standards 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 judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 judgement, 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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 listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 November 29, 2023 on our consideration of the 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 the 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 blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
November 29, 2023

SAN LEANDRO UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

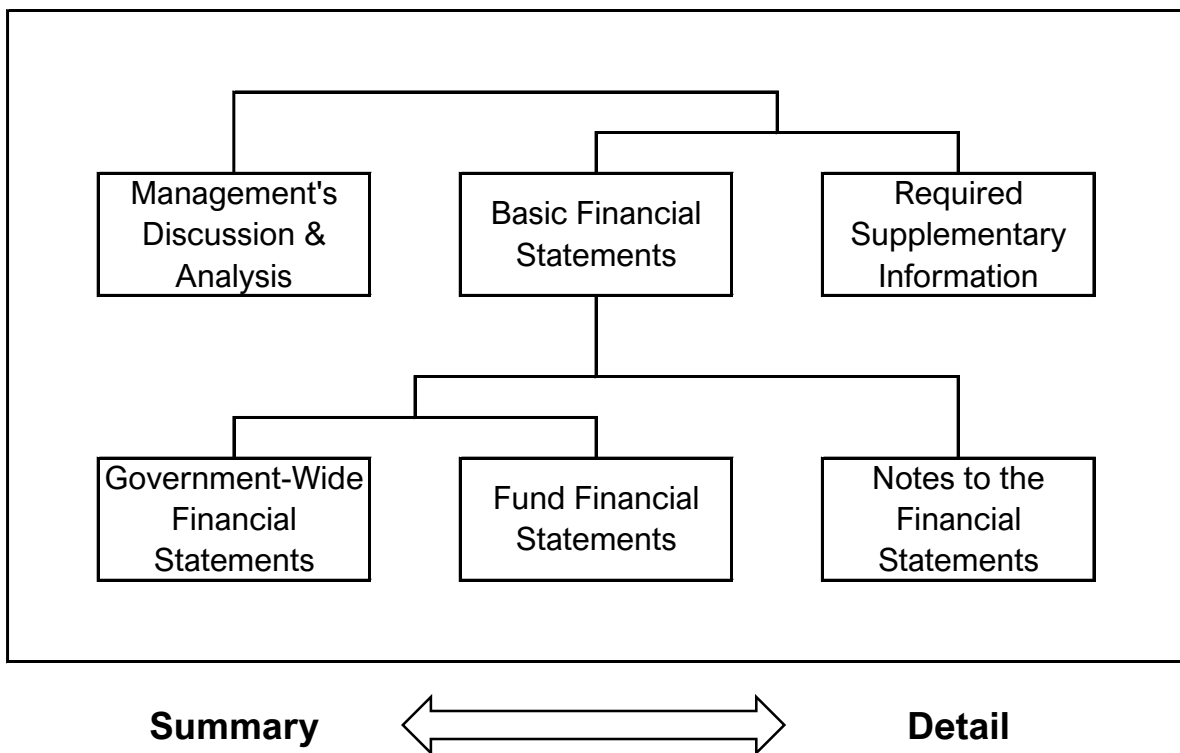
Our discussion and analysis of San Leandro Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$2,290,655 at June 30, 2023. This was an increase of \$37,795,755 from the prior year, after restatement.
- Overall revenues were \$203,249,852 which exceeded expenses of \$165,454,097.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$2,290,655 at June 30, 2023, as reflected in the table below. Of this amount, \$(48,684,396) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 191,806,308	\$ 143,702,243	\$ 48,104,065
Capital assets	312,672,934	263,989,340	48,683,594
Total Assets	504,479,242	407,691,583	96,787,659
DEFERRED OUTFLOWS OF RESOURCES	51,656,518	40,406,091	11,250,427
LIABILITIES			
Current liabilities	42,410,702	40,377,068	2,033,634
Long-term liabilities	498,593,205	385,703,937	112,889,268
Total Liabilities	541,003,907	426,081,005	114,922,902
DEFERRED INFLOWS OF RESOURCES	12,841,198	52,492,019	(39,650,821)
NET POSITION			
Net investment in capital assets	(10,922,040)	(9,551,882)	(1,370,158)
Restricted	61,897,091	41,670,119	20,226,972
Unrestricted	(48,684,396)	(62,593,587)	13,909,191
Total Net Position	\$ 2,290,655	\$ (30,475,350)	\$ 32,766,005

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 1,031,822	\$ 428,111	\$ 603,711
Operating grants and contributions	52,930,121	35,035,114	17,895,007
General revenues			
Property taxes	67,107,514	63,715,545	3,391,969
Unrestricted federal and state aid	78,352,033	63,341,463	15,010,570
Other	3,828,362	3,025,414	802,948
Total Revenues	203,249,852	165,545,647	37,704,205
EXPENSES			
Instruction	92,296,513	88,081,105	4,215,408
Instruction-related services	16,933,359	14,722,749	2,210,610
Pupil services	15,717,154	14,804,223	912,931
General administration	9,340,541	7,300,958	2,039,583
Plant services	14,773,001	16,059,074	(1,286,073)
Ancillary and community services	1,633,946	1,683,824	(49,878)
Debt service	13,350,525	11,347,591	2,002,934
Other outgo	1,409,058	1,344,338	64,720
Total Expenses	165,454,097	155,343,862	10,110,235
Change in net position	37,795,755	10,201,785	27,593,970
Net Position - Beginning, as Restated*	(35,505,100)	(40,677,135)	5,172,035
Net Position - Ending	\$ 2,290,655	\$ (30,475,350)	\$ 32,766,005

**Beginning net position was restated for the 2023 year only.*

The cost of all our governmental activities this year was \$165,454,097 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$67,107,514 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

	Net Cost of Services	
	2023	2022
Instruction	\$ 54,187,942	\$ 68,556,763
Instruction-related services	13,138,039	11,056,145
Pupil services	6,117,459	6,733,153
General administration	9,037,312	6,890,776
Plant services	14,376,163	15,131,240
Ancillary and community services	992,906	928,630
Debt service	13,350,525	11,347,591
Transfers to other agencies	291,808	(763,661)
Total	\$ 111,492,154	\$ 119,880,637

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$175,698,830 which is more than this year's restated beginning fund balance of \$126,236,630. The District's General Fund had \$25,442,065 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Building Fund had \$63,352,851 less in operating revenues than expenditures for the year ended June 30, 2023, combined with financing sources of \$79,995,000 from the issuance of 2020 Series B and C general obligation bond issuances, for a net increase in fund balance of \$18,274,974. The District's Bond Interest and Redemption Fund had \$2,856,721 less in operating revenues than expenditures for the year ended June 30, 2023, combined with net financing sources of \$6,594,808 from the issuance of the 2023 Refunding bonds and the 2020 Series B and C general obligation bond issuances, for a net increase in fund balance of \$3,738,087.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$312,672,934 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 14,369,105	\$ 14,369,105	\$ -
Construction in progress	64,688,389	28,733,797	35,954,592
Land improvements	37,705,320	27,101,777	10,603,543
Buildings & improvements	379,359,802	362,959,993	16,399,809
Furniture & equipment	4,637,283	13,156,005	(8,518,722)
Less: accumulated depreciation	(188,607,815)	(182,484,948)	(6,122,867)
Lease assets - furniture & equipment	749,544	225,166	524,378
Less: accumulated amortization	(228,694)	(71,555)	(157,139)
Total	\$ 312,672,934	\$ 263,989,340	\$ 48,683,594

Long-Term Liabilities

At year-end, the District had \$498,593,205 in long-term liabilities. This was an increase of 27.61% from the prior year, after restatement, as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 396,090,346	\$ 327,783,372	\$ 68,306,974
Leases	554,915	154,890	400,025
Compensated absences	894,930	780,183	114,747
Total OPEB liability	10,904,698	13,768,890	(2,864,192)
Net pension liability	109,805,912	66,076,743	43,729,169
Note payable	285,722	378,273	(92,551)
Less: current portion of long-term liabilities	(19,943,318)	(18,212,207)	(1,731,111)
Total	\$ 498,593,205	\$ 390,730,144	\$ 107,863,061

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, 835 East 14th Street, Suite 200, San Leandro, California, 94577, or e-mail at kcollins@slusd.us.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 182,521,882
Accounts receivable	9,033,557
Inventory	42,739
Lease receivable	208,130
Capital assets:	
Capital assets, not depreciated	79,057,494
Capital assets, net of accumulated depreciation	233,094,590
Lease assets, net of accumulated amortization	520,850
Total Assets	504,479,242
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	51,078,311
Deferred outflows related to OPEB	578,207
Total Deferred Outflows of Resources	51,656,518
LIABILITIES	
Accrued liabilities	20,765,868
Unearned revenue	1,701,516
Long-term liabilities, current portion	19,943,318
Long-term liabilities, non-current portion	498,593,205
Total Liabilities	541,003,907
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	12,645,834
Deferred inflows related to leases	195,364
Total Deferred Inflows of Resources	12,841,198
NET POSITION	
Net investment in capital assets	(10,922,040)
Restricted:	
Capital projects	1,899,883
Debt service	20,042,517
Educational programs	32,972,974
Food service	6,567,627
Associated student body	414,090
Unrestricted	(48,684,396)
Total Net Position	\$ 2,290,655

The accompanying notes are an integral part of these financial statements.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 92,296,513	\$ 482,665	\$ 37,625,906	\$ (54,187,942)
Instruction-related services				
Instructional supervision and administration	5,710,500	528	2,343,448	(3,366,524)
Instructional library, media, and technology	3,290,866	5,150	646,610	(2,639,106)
School site administration	7,931,993	12	799,572	(7,132,409)
Pupil services				
Home-to-school transportation	3,060,101	20	779,187	(2,280,894)
Food services	5,598,540	139,670	6,698,229	1,239,359
All other pupil services	7,058,513	2,757	1,979,832	(5,075,924)
General administration				
Centralized data processing	787,820	-	-	(787,820)
All other general administration	8,552,721	3,258	299,971	(8,249,492)
Plant services	14,773,001	13,361	383,477	(14,376,163)
Ancillary services	1,633,946	551	640,489	(992,906)
Interest on long-term debt	13,350,525	-	-	(13,350,525)
Other outgo	1,409,058	383,850	733,400	(291,808)
Total Governmental Activities	\$ 165,454,097	\$ 1,031,822	\$ 52,930,121	(111,492,154)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				37,770,807
Property taxes, levied for debt service				26,861,325
Property taxes, levied for other specific purposes				2,475,382
Federal and state aid not restricted for specific purposes				78,352,033
Interest and investment earnings				2,537,389
Interagency revenues				311,531
Miscellaneous				979,442
Subtotal, General Revenue				149,287,909
CHANGE IN NET POSITION				37,795,755
Net Position - Beginning, as Restated				(35,505,100)
Net Position - Ending				\$ 2,290,655

The accompanying notes are an integral part of these financial statements.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 66,591,723	\$ 77,431,186	\$ 26,648,084	\$ 11,634,462	\$ 182,305,455
Accounts receivable	7,117,049	519,020	167,400	1,228,818	9,032,287
Due from other funds	108,800	-	-	-	108,800
Stores inventory	-	-	-	42,739	42,739
Lease receivable	208,130	-	-	-	208,130
Total Assets	\$ 74,025,702	\$ 77,950,206	\$ 26,815,484	\$ 12,906,019	\$ 191,697,411
LIABILITIES					
Accrued liabilities	\$ 8,917,394	\$ 4,899,919	\$ -	\$ 175,588	\$ 13,992,901
Due to other funds	-	-	-	108,800	108,800
Unearned revenue	1,701,516	-	-	-	1,701,516
Total Liabilities	10,618,910	4,899,919	-	284,388	15,803,217
DEFERRED INFLOWS					
Deferred inflows related to leases	195,364	-	-	-	195,364
Total Deferred Inflows	195,364	-	-	-	195,364
FUND BALANCES					
Nonspendable	40,000	-	-	42,739	82,739
Restricted	30,812,062	73,050,287	26,815,484	8,881,600	139,559,433
Assigned	-	-	-	3,697,292	3,697,292
Unassigned	32,359,366	-	-	-	32,359,366
Total Fund Balances	63,211,428	73,050,287	26,815,484	12,621,631	175,698,830
Total Liabilities, Deferred Inflows and Fund Balances	\$ 74,025,702	\$ 77,950,206	\$ 26,815,484	\$ 12,906,019	\$ 191,697,411

The accompanying notes are an integral part of these financial statements.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ 175,698,830

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

Capital assets:

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

Capital assets	\$ 500,759,899	
Lease assets	749,544	
Accumulated depreciation	(188,607,815)	
Accumulated amortization (lease assets)	<u>(228,694)</u>	312,672,934

Unmatured interest on long-term debt:

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

(6,772,967)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 396,090,346	
Leases	554,915	
Compensated absences	894,930	
Total OPEB liability	10,904,698	
Net pension liability	109,805,912	
Note payable	<u>285,722</u>	(518,536,523)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 51,078,311	
Deferred inflows of resources related to pensions	<u>(12,645,834)</u>	38,432,477

Deferred outflows and inflows of resources relating to OPEB:

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

578,207

(continued on the following page)

SAN LEANDRO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2023

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

217,697

Total Net Position - Governmental Activities

\$	2,290,655
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SAN LEANDRO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 112,492,950	\$ -	\$ -	\$ -	\$ 112,492,950
Federal sources	12,418,550	-	-	3,747,060	16,165,610
Other state sources	36,337,226	458,841	131,849	4,940,075	41,867,991
Other local sources	11,197,385	1,173,984	27,017,835	1,954,315	41,343,519
Total Revenues	172,446,111	1,632,825	27,149,684	10,641,450	211,870,070
EXPENDITURES					
Current					
Instruction	96,670,068	-	-	1,122,030	97,792,098
Instruction-related services					
Instructional supervision and administration	5,576,174	-	-	402,485	5,978,659
Instructional library, media, and technology	3,202,812	-	-	-	3,202,812
School site administration	7,438,163	-	-	861,902	8,300,065
Pupil services					
Home-to-school transportation	2,796,769	-	-	-	2,796,769
Food services	124,138	-	-	5,069,233	5,193,371
All other pupil services	7,197,711	-	-	-	7,197,711
General administration					
Centralized data processing	720,258	-	-	-	720,258
All other general administration	8,036,855	-	-	108,800	8,145,655
Plant services	11,545,251	1,730,901	-	152,485	13,428,637
Facilities acquisition and construction	1,460,595	61,621,950	-	674,726	63,757,271
Ancillary services	826,194	-	-	685,590	1,511,784
Transfers to other agencies	1,409,058	-	-	-	1,409,058
Debt service					
Principal	-	-	16,134,482	92,551	16,227,033
Interest and other	-	-	13,871,923	4,169	13,876,092
Total Expenditures	147,004,046	63,352,851	30,006,405	9,173,971	249,537,273
Excess (Deficiency) of Revenues Over Expenditures	25,442,065	(61,720,026)	(2,856,721)	1,467,479	(37,667,203)
Other Financing Sources (Uses)					
Other sources	539,595	79,995,000	27,504,808	-	108,039,403
Other uses	-	-	(20,910,000)	-	(20,910,000)
Net Financing Sources (Uses)	539,595	79,995,000	6,594,808	-	87,129,403
NET CHANGE IN FUND BALANCE	25,981,660	18,274,974	3,738,087	1,467,479	49,462,200
Fund Balance - Beginning	37,229,768	54,775,313	23,077,397	11,154,152	126,236,630
Fund Balance - Ending	\$ 63,211,428	\$ 73,050,287	\$ 26,815,484	\$ 12,621,631	\$ 175,698,830

The accompanying notes are an integral part of these financial statements.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds **\$ 49,462,200**

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

Capital outlay:

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

Expenditures for capital outlay:	\$	64,021,102	
Depreciation expense:		(14,974,380)	
Amortization expense (lease assets):		(159,313)	48,887,409

Debt service:

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

37,263,424

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(108,039,403)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(190,636)

Unmatured interest on long-term debt:

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

(1,622,785)

Compensated absences:

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

(114,747)

(continued on the following page)

SAN LEANDRO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2023

Postemployment benefits other than pensions (OPEB):

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

2,768,421

Pensions:

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

7,235,290

Amortization of debt issuance premium or discount:

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

2,148,352

Internal Service Funds:

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

(1,770)

Change in Net Position of Governmental Activities

\$ 37,795,755

SAN LEANDRO UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 216,427
Accounts receivable	1,270
Total current assets	<u>217,697</u>
Total Assets	<u>217,697</u>
NET POSITION	
Unrestricted	<u>217,697</u>
Total Net Position	<u>\$ 217,697</u>

The accompanying notes are an integral part of these financial statements.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities
	Internal Service Fund
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	\$ (1,770)
Total non-operating revenues/(expenses)	(1,770)
 CHANGE IN NET POSITION	 (1,770)
Net Position - Beginning	219,467
Net Position - Ending	\$ 217,697

The accompanying notes are an integral part of these financial statements.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received (paid) from assessments made to (from) other funds	\$ (970)
Net cash provided by (used for) operating activities	(970)
Cash flows from investing activities	
Interest received	(1,770)
Net cash provided by (used for) investing activities	(1,770)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,740)
CASH AND CASH EQUIVALENTS	
Beginning of year	219,167
End of year	\$ 216,427
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(970)
Net cash provided by (used for) operating activities	\$ (970)

The accompanying notes are an integral part of these financial statements.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The San Leandro Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. 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 of 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.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

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 District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be 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: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

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

Investments

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

Lease Receivables

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Included in capital assets are right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets (continued)

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements/Infrastructure	5 to 50 years
Equipment	2 to 15 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 – June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB) (continued)

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 columns of the statement of activities.

G. 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.

H. Budgetary Data

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

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

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. -The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 186,256,868	\$ 221,751	\$ 186,478,619
Fair value adjustment	(4,469,017)	(5,324)	(4,474,341)
Cash on hand and in banks	477,604	-	477,604
Cash in revolving fund	40,000	-	40,000
Total	\$ 182,305,455	\$ 216,427	\$ 182,521,882

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Alameda County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. 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 Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$182,004,278. The average weighted maturity for this pool is 473 days.

E. 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 investments in the County Treasury are not required to be rated.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

F. 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. 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 agencies. 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, 2023, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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

The District's fair value measurements at June 30, 2023 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 182,004,278
Total	<u>\$ 182,004,278</u>

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government						
Categorical aid	\$ 3,225,597	\$ -	\$ -	\$ 634,136	\$ -	\$ 3,859,733
State Government						
Apportionment	-	-	-	-	-	-
Categorical aid	2,896,156	-	-	410,777	-	3,306,933
Lottery	506,069	-	-	-	-	506,069
Local Government						
Other local sources	489,227	519,020	167,400	183,905	1,270	1,360,822
Total	\$ 7,117,049	\$ 519,020	\$ 167,400	\$ 1,228,818	\$ 1,270	\$ 9,033,557

B. Lease Receivable

The District leases its facilities to a third party for childcare services. The lease is non-cancelable for a period of ten years. As of June 30, 2023, the value of the lease receivable is \$208,130. The value of the deferred inflow of resources as of June 30, 2023 was \$195,364 and the District recognized lease revenue of \$31,583 during the fiscal year. 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 adjusted it by adding a risk factor of 1.5%.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,369,105	\$ -	\$ -	\$ 14,369,105
Construction in progress	28,733,797	46,176,039	10,221,447	64,688,389
Total capital assets not being depreciated	43,102,902	46,176,039	10,221,447	79,057,494
Capital assets being depreciated				
Land improvements	27,101,777	10,603,543	-	37,705,320
Buildings & improvements	362,959,993	16,399,809	-	379,359,802
Furniture & equipment	13,156,005	523,563	9,042,285	4,637,283
Total capital assets being depreciated	403,217,775	27,526,915	9,042,285	421,702,405
Less: Accumulated depreciation				
Land improvements	17,990,418	903,148	-	18,893,566
Buildings & improvements	154,321,590	13,805,242	-	168,126,832
Furniture & equipment	10,172,940	265,990	8,851,513	1,587,417
Total accumulated depreciation	182,484,948	14,974,380	8,851,513	188,607,815
Total capital assets being depreciated, net	220,732,827	12,552,535	190,772	233,094,590
Lease assets being amortized				
Furniture & equipment	225,166	539,595	15,217	749,544
Total lease assets being amortized	225,166	539,595	15,217	749,544
Less: Accumulated amortization for lease assets				
Furniture & equipment	71,555	159,313	2,174	228,694
Total accumulated amortization for lease assets	71,555	159,313	2,174	228,694
Total lease assets being amortized, net	153,611	380,282	13,043	520,850
Governmental Activities				
Capital Assets, net	\$ 263,989,340	\$ 59,108,856	\$ 10,425,262	\$ 312,672,934

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS (continued)

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

Governmental Activities	
Instruction	\$ 9,559,588
Instructional supervision and administration	492,622
Instructional library, media, and technology	253,685
School site administration	805,580
Home-to-school transportation	264,406
Food services	482,920
All other pupil services	773,754
Centralized data processing	74,474
All other general administration	748,924
Plant services	1,506,696
Ancillary services	171,044
Total	\$ 15,133,693

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

At June 30, 2023, the Cafeteria Fund owed the General Fund \$108,800 for indirect costs.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 4,366,613	\$ 5,338	\$ 134,433	\$ -	\$ 4,506,384
Construction	-	4,894,581	-	-	4,894,581
Vendors payable	2,080,672	-	41,155	-	2,121,827
Due to grantor government	2,470,109	-	-	-	2,470,109
Unmatured interest	-	-	-	6,772,967	6,772,967
Total	\$ 8,917,394	\$ 4,899,919	\$ 175,588	\$ 6,772,967	\$ 20,765,868

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following:

	General Fund
Federal sources	\$ 1,156,243
State categorical sources	545,273
Total	\$ 1,701,516

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Restated Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 299,866,459	\$ 98,605,000	\$ 37,044,482	\$ 361,426,977	\$ 17,262,077
Unamortized premium	27,916,913	8,894,808	2,148,352	34,663,369	2,414,916
Total general obligation bonds	327,783,372	107,499,808	39,192,834	396,090,346	19,676,993
Leases	154,890	539,595	139,570	554,915	172,442
Compensated absences	780,183	114,747	-	894,930	-
Total OPEB liability	13,768,890	-	2,864,192	10,904,698	-
Net pension liability	66,076,743	43,729,169	-	109,805,912	-
Note payable	378,273	-	92,551	285,722	93,883
Total	\$ 408,942,351	\$ 151,883,319	\$ 42,289,147	\$ 518,536,523	\$ 19,943,318

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on leases are made in the General Fund and Special Reserve Fund for Capital Outlay Projects.
- Payments on the note payable are made in the Adult Education Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

The following schedule summarizes the District's outstanding general obligation bonds as of June 30, 2023:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
2006 Series C	2/13/2010	8/1/2040	6.38% - 6.98%	\$ 19,999,043	\$ 12,980,063	\$ -	\$ -	\$ 12,980,063
2006 Series D	5/1/2010	2/1/2026	5.00%	18,327,344	7,206,396	-	1,684,482	5,521,914
2011 Refunding	10/19/2011	8/1/2022	2.00% - 3.125%	7,560,000	860,000	-	860,000	-
2006 Series E	7/10/2013	8/1/2026	0.55% - 4.00%	11,670,000	6,235,000	-	4,860,000	1,375,000
2010 Series B	7/10/2013	8/1/2038	3.00% - 5.00%	20,100,000	18,275,000	-	17,725,000	550,000
2015A Refunding	3/24/2015	8/1/2029	3.00% - 5.00%	11,745,000	11,745,000	-	-	11,745,000
2015B Refunding	5/21/2015	8/1/2033	2.00% - 5.00%	31,275,000	28,185,000	-	1,040,000	27,145,000
2016 Refunding	11/2/2016	8/1/2031	2.00% - 5.00%	17,900,000	15,650,000	-	725,000	14,925,000
2017 Refunding	5/2/2017	8/1/2028	2.00% - 5.00%	23,675,000	14,200,000	-	3,275,000	10,925,000
2016 Series A	5/2/2017	8/1/2046	3.00% - 5.00%	47,260,000	37,330,000	-	140,000	37,190,000
2016 Series B	2/5/2019	8/1/2043	3.00% - 5.00%	50,240,000	49,290,000	-	250,000	49,040,000
2016 Series C	2/5/2019	8/1/2043	4.00% - 5.00%	3,250,000	1,050,000	-	500,000	550,000
2020 Series A	3/3/2020	8/1/2043	3.00% - 4.00%	74,995,000	69,695,000	-	5,805,000	63,890,000
2016 Series D	4/14/2021	8/1/2026	2.00%	3,250,000	3,250,000	-	-	3,250,000
2021 Refunding	4/14/2021	8/1/2035	4.00%	24,435,000	23,915,000	-	180,000	23,735,000
2020 Series B	9/14/2022	8/1/2048	4.00% - 5.25%	74,995,000	-	74,995,000	-	74,995,000
2020 Series C	9/14/2022	8/1/2027	5.00%	5,000,000	-	5,000,000	-	5,000,000
2023 Refunding Bonds	4/18/2023	8/1/2038	5.00%	18,610,000	-	18,610,000	-	18,610,000
Total					\$ 299,866,459	\$ 98,605,000	\$ 37,044,482	\$ 361,426,977

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize the District's general obligation bonds as of June 30, 2023 were as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 17,262,077	\$ 15,668,421	\$ 32,930,498
2025	15,632,816	14,690,425	30,323,241
2026	14,477,021	14,007,754	28,484,775
2027	13,855,000	14,742,300	28,597,300
2028	11,415,000	15,595,122	27,010,122
2029 - 2033	56,490,000	70,661,125	127,151,125
2034 - 2038	73,707,458	67,855,586	141,563,044
2039 - 2043	74,532,605	44,891,207	119,423,812
2044 - 2048	70,555,000	12,269,922	82,824,922
2049	13,500,000	354,376	13,854,376
Total	\$ 361,426,977	\$ 270,736,238	\$ 632,163,215

2023 General Obligation Refunding Bonds

On April 18, 2023, the District issued 2023 General Obligation Refunding Bonds in the amount of \$18,610,000. The net proceeds received for the bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the Election of 2006, Series E and Election of 2010, Series B General Obligation Bonds that were partially refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. This refunding reduced total debt service payments by \$3,500,076 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,781,761.

B. Leases

The District entered into various agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

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. The annual interest rate charged on the lease is 1.96%. At June 30, 2023, the District has recognized a right-to-use asset of \$67,572 and a lease liability of \$68,787 related to this agreement.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Leases

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. The annual interest rate charged on the lease is 2.07%. At June 30, 2023, the District has recognized a right-to-use asset of \$3,616 and a lease liability of \$3,684 related to this agreement.

During the year ended June 30, 2023, the District entered an agreement to lease a copier for five years. An initial lease liability was recorded in the amount of \$539,595. Under the terms of the lease, the District paid the monthly payments of \$9,794. The annual interest rate charged on the lease is 4.11%. At June 30, 2023, the District has recognized a right-to-use asset of \$449,662 and a lease liability of \$482,444 related to this agreement.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 172,442	\$ 15,855	\$ 188,297
2025	107,958	11,440	119,398
2026	110,540	6,993	117,533
2027	115,170	2,363	117,533
2028	48,805	167	48,972
Total	\$ 554,915	\$ 36,818	\$ 591,733

C. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$894,930. This amount is included as part of long-term liabilities in the government-wide financial statements.

D. Other Postemployment Benefits

The District's restated beginning total OPEB liability was \$13,768,890 and decreased by \$2,864,192 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was \$10,904,698. See Note 10 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$66,076,743 and increased by \$43,729,169 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$109,805,912. See Note 11 for additional information regarding the net pension liability.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

F. Note Payable

The District has entered into an agreement with Zion Bank to finance the purchase of the Adult Education site. The note calls for an annual interest rate of 1.43%. During the year ended June 30, 2023, the District paid \$92,551 in principal and \$4,169 in interest. The note balance at June 30, 2023 was \$285,722. The note is collateralized by the Adult Education building. The remaining principal and interest payment requirements for this liability as of June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 93,883	\$ 2,837	\$ 96,720
2025	95,234	1,486	96,720
2026	96,605	115	96,720
Total	\$ 285,722	\$ 4,438	\$ 290,160

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Stores inventory	-	-	-	42,739	42,739
Total non-spendable	40,000	-	-	42,739	82,739
Restricted					
Educational programs	30,812,062	-	-	2,160,912	32,972,974
Food service	-	-	-	6,567,627	6,567,627
Associated student body	-	-	-	414,090	414,090
Capital projects	-	73,050,287	-	1,899,883	74,950,170
Debt service	-	-	26,815,484	-	26,815,484
Total restricted	30,812,062	73,050,287	26,815,484	11,042,512	141,720,345
Assigned					
Other assignments	-	-	-	1,536,380	1,536,380
Total assigned	-	-	-	1,536,380	1,536,380
Unassigned	32,359,366	-	-	-	32,359,366
Total	\$ 63,211,428	\$ 73,050,287	\$ 26,815,484	\$ 12,621,631	\$ 175,698,830

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance 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.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The San Leandro Unified School District's defined benefit OPEB plan, San Leandro Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

B. Benefits Provided

The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA). Participation in PEMHCA is financed in part by the District with contributions made to the plan. The District contributed \$111.75 per month for calendar 2022 (\$120.80 per month for calendar 2023) to PEMHCA on behalf of each retiree eligible for PEMHCA. This contribution is increased each year pursuant to the "unequal contribution method" under PEMHCA, whereby the District contribution for retirees equals 5% of the District's contribution for active employees multiplied by the number of years the District has participated in PEMHCA. The District pays the PEMHCA percentage-of-premiums admin fee for all retirees participating in PEMHCA.

The District also make additional contributions towards certain eligible retirees' premiums until age 65 according to provisions of the District's MOUs with its various employee associations.

C. Contributions

For the measurement period, the District contributed \$830,774 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	9
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>219</u>
Total number of participants**	<u>228</u>

*Information not provided

**As of the July 1, 2021 valuation date

E. Total OPEB Liability

The San Leandro Unified School District's total OPEB liability of \$10,904,698 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Economic assumptions:

Inflation	3.00%
Salary increases	3.00%
Healthcare cost trend rates	5.50% for 2022, 5.25% for 2023, 5.20% for 2024-2069, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years.

Non-economic assumptions:

Preretirement Mortality:

Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Study (2000-2019)

Postretirement Mortality:

Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Study (2000-2019)

The actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

G. Changes in Total OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	
Service cost	\$ 28,145
Interest on total OPEB liability	256,966
Changes of assumptions	(2,318,529)
Benefits payments	(830,774)
Net change in total OPEB liability	(2,864,192)
Total OPEB liability - beginning**	13,768,890
Total OPEB liability - ending	<u>\$ 10,904,698</u>

**Beginning OPEB liability was adjusted by \$5,026,207 in the July 1, 2021 actuarial valuation, resulting in a restatement in the June 30, 2023 reporting period.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

	1% Decrease	Valuation	1% Increase
	(2.69%)	Discount Rate	(4.69%)
		(3.69%)	
Total OPEB liability	\$ 12,124,930	\$ 10,904,698	\$ 9,874,782

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the San Leandro Unified School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Valuation Trend	1% Increase
	(4.50%)	Rate	(6.50%)
		(5.50%)	
Total OPEB liability	\$ 9,968,869	\$ 10,904,698	\$ 12,002,661

J. OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2023, the San Leandro Unified School District recognized OPEB expense of \$2,992,789. At June 30, 2023, the San Leandro Unified School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows
	of Resources
District contributions subsequent to the measurement date	\$ 578,207
Total	\$ 578,207

The \$578,207 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 73,180,294	\$ 38,652,982	\$ 11,399,768	\$ 5,308,121
PERS Pension	36,625,618	12,425,329	1,246,066	4,588,743
Total	\$ 109,805,912	\$ 51,078,311	\$ 12,645,834	\$ 9,896,864

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$12,407,057 for the year ended June 30, 2023.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$5,879,171 to CalSTRS.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 73,180,294
State's proportionate share of the net pension liability associated with the District	36,648,906
Total	<u>\$ 109,829,200</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. 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. At June 30, 2022, the District's proportion was 0.105 percent, which was an increase of 0.006 percent from its proportion measured as of June 30, 2021.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$5,308,121. In addition, the District recognized pension expense and revenue of \$(2,741,047) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 3,577,605
Differences between expected and actual experience	60,030	5,486,995
Changes in assumptions	3,629,210	-
Changes in proportion and differences between District contributions and proportionate share of contributions	22,556,685	2,335,168
District contributions subsequent to the measurement date	12,407,057	-
Total	<u>\$ 38,652,982</u>	<u>\$ 11,399,768</u>

The \$12,407,057 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 13,444,817	\$ 4,101,554
2025	3,253,783	4,564,819
2026	3,054,760	5,976,590
2027	2,518,275	(4,768,508)
2028	2,002,134	1,273,606
2029	1,972,156	251,707
Total	<u>\$ 26,245,925</u>	<u>\$ 11,399,768</u>

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each 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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

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

*20-year geometric average

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan'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 the total pension liability.

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 124,287,282	\$ 73,180,294	\$ 30,746,129

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$4,725,097 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$36,625,618 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. 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. At June 30, 2022, the District's proportion was 0.106 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2021.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$4,588,743. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 4,324,489	\$ -
Differences between expected and actual experience	165,526	911,292
Changes in assumptions	2,709,355	-
Changes in proportion and differences between District contributions and proportionate share of contributions	500,862	334,774
District contributions subsequent to the measurement date	4,725,097	-
Total	<u>\$ 12,425,329</u>	<u>\$ 1,246,066</u>

The \$4,725,097 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 1,980,015	\$ 473,816
2025	1,760,619	499,992
2026	1,322,677	272,258
2027	2,636,921	-
Total	<u>\$ 7,700,232</u>	<u>\$ 1,246,066</u>

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 52,907,559	\$ 36,625,618	\$ 23,169,191

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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, 2023.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

C. Construction Commitments

As of June 30, 2023, the District had commitments with respect to unfinished capital projects of \$75,915,000.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in joint ventures under joint powers authorities (JPAs), including the East Bay Schools Insurance Group (EBSIG) and the Alameda County Schools Insurance Group (ACSIG). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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, 2023, 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 the year ended June 30, 2023, 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.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was \$51,078,311 and total deferred inflows related to pensions was \$12,645,834.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$578,207.

C. Leases

Pursuant to GASB Statement No. 87, *Leases*, the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Note 3. At June 30, 2023, total deferred inflows related to leases was \$195,364.

NOTE 15 – RESTATEMENT TO NET POSITION

The beginning net position for Governmental Activities was restated to accurately reflect the adjustment to beginning total OPEB liability in the July 1, 2021 valuation for OPEB, due to changes in various actuarial assumptions. Additionally, the beginning fund balance of the Student Activity Fund was restated to accurately reflect the substance of the underlying transactions that occurred in the prior year.

The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ (30,475,350)
Restatement	(5,029,750)
Net Position - Beginning, as Restated	<u>\$ (35,505,100)</u>

The effect on beginning fund balance is presented as follows:

	Student Activity Fund
Fund Balance - Beginning, as Previously Reported	\$ 457,360
Restatement	(3,543)
Fund Balance - Beginning, as Restated	<u>\$ 453,817</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 102,667,005	\$ 109,663,289	\$ 112,492,950	\$ 2,829,661
Federal sources	13,087,732	12,254,493	12,418,550	164,057
Other state sources	20,580,028	36,224,991	36,337,226	112,235
Other local sources	8,495,520	8,621,097	10,282,608	1,661,511
Total Revenues	144,830,285	166,763,870	171,531,334	4,767,464
EXPENDITURES				
Certificated salaries	67,064,274	67,800,829	65,821,134	1,979,695
Classified salaries	19,214,302	19,294,755	18,073,084	1,221,671
Employee benefits	30,447,016	30,450,481	28,826,540	1,623,941
Books and supplies	4,061,321	4,770,919	4,213,265	557,654
Services and other operating expenditures	27,090,690	26,927,681	26,752,021	175,660
Capital outlay	1,018,900	1,275,413	1,478,149	(202,736)
Other outgo				
Excluding transfers of indirect costs	1,421,998	1,421,998	1,409,058	12,940
Transfers of indirect costs	(160,000)	(148,600)	(108,800)	(39,800)
Total Expenditures	150,158,501	151,793,476	146,464,451	5,329,025
Excess (Deficiency) of Revenues				
Over Expenditures	(5,328,216)	14,970,394	25,066,883	10,096,489
Other Financing Sources (Uses)				
Transfers out	(35,000)	(35,000)	-	35,000
Net Financing Sources (Uses)	(35,000)	(35,000)	-	35,000
NET CHANGE IN FUND BALANCE	(5,363,216)	14,935,394	25,066,883	10,131,489
Fund Balance - Beginning	38,131,779	38,131,779	38,131,779	-
Fund Balance - Ending	\$ 32,768,563	\$ 53,067,173	\$ 63,198,662	\$ 10,131,489

*The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because audit adjustments and reclassifications are not reflected in the schedule above.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability						
Service cost	\$ 28,145	\$ 557	\$ 1,202	\$ 1,029	\$ 13,796	\$ 12,883
Interest on total OPEB liability	256,966	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	(2,318,529)	(1,085,906)	1,332,482	(167,560)	1,016,021	1,470,083
Benefits payments	<u>(830,774)</u>	<u>(561,071)</u>	<u>(605,452)</u>	<u>(574,852)</u>	<u>(560,892)</u>	<u>(599,998)</u>
Net change in total OPEB liability	(2,864,192)	(2,102,035)	287,945	1,247,100	1,970,058	1,019,315
Total OPEB liability - beginning**	<u>13,768,890</u>	<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>\$ 10,904,698</u>	<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-employee payroll	 N/A*	 N/A*	 N/A*	 N/A*	 N/A*	 N/A*
 District's total OPEB liability as a percentage of covered-employee payroll	 N/A*	 N/A*	 N/A*	 N/A*	 N/A*	 N/A*

*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.

**Beginning total OPEB liability was adjusted by \$5,026,207 in the July 1, 2021 actuarial valuation, resulting in a restatement in the June 30, 2023 reporting period.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.105%	0.099%	0.099%	0.096%	0.092%	0.090%	0.091%	0.096%	0.093%
District's proportionate share of the net pension liability	\$ 73,180,294	\$ 44,919,235	\$ 95,999,949	\$ 86,468,577	\$ 84,141,140	\$ 83,191,072	\$ 73,767,453	\$ 64,583,072	\$ 54,149,390
State's proportionate share of the net pension liability associated with the District	36,648,906	22,601,617	49,487,985	47,174,381	48,174,738	49,215,136	41,994,495	34,157,326	32,697,739
Total	\$ 109,829,200	\$ 67,520,852	\$ 145,487,934	\$ 133,642,958	\$ 132,315,878	\$ 132,406,208	\$ 115,761,948	\$ 98,740,398	\$ 86,847,129
District's covered payroll	\$ 58,313,517	\$ 42,167,752	\$ 53,997,491	\$ 52,422,426	\$ 49,309,418	\$ 47,610,636	\$ 44,790,522	\$ 43,850,169	\$ 43,790,149
District's proportionate share of the net pension liability as a percentage of its covered payroll	125.5%	106.5%	177.8%	164.9%	170.6%	174.7%	164.7%	147.3%	123.7%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.106%	0.104%	0.104%	0.102%	0.101%	0.105%	0.108%	0.107%	0.109%
District's proportionate share of the net pension liability	\$ 36,625,618	\$ 21,157,508	\$ 31,768,246	\$ 29,712,615	\$ 26,856,025	\$ 25,031,054	\$ 21,379,819	\$ 15,775,264	\$ 12,387,907
District's covered payroll	\$ 16,365,766	\$ 11,615,271	\$ 14,963,983	\$ 13,362,335	\$ 13,293,587	\$ 13,400,763	\$ 12,883,557	\$ 11,850,395	\$ 11,851,312
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.8%	182.2%	212.3%	222.4%	202.0%	186.8%	165.9%	133.1%	104.5%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 12,407,057	\$ 9,866,647	\$ 6,810,092	\$ 9,233,571	\$ 8,534,371	\$ 7,115,349	\$ 5,989,418	\$ 4,806,023	\$ 3,893,895
Contributions in relation to the contractually required contribution*	(12,407,057)	(9,866,647)	(6,810,092)	(9,233,571)	(8,534,371)	(7,115,349)	(5,989,418)	(4,806,023)	(3,893,895)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 65,739,031	\$ 58,313,517	\$ 42,167,752	\$ 53,997,491	\$ 52,422,426	\$ 49,309,418	\$ 47,610,636	\$ 44,790,522	\$ 43,850,169
Contributions as a percentage of covered payroll	18.87%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 4,725,097	\$ 3,749,397	\$ 2,404,361	\$ 2,951,047	\$ 2,413,505	\$ 2,064,627	\$ 1,861,098	\$ 1,526,315	\$ 1,394,910
Contributions in relation to the contractually required contribution*	(4,725,097)	(3,749,397)	(2,404,361)	(2,951,047)	(2,413,505)	(2,064,627)	(1,861,098)	(1,526,315)	(1,394,910)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,670,515	\$ 16,365,766	\$ 11,615,271	\$ 14,963,983	\$ 13,362,335	\$ 13,293,587	\$ 13,400,763	\$ 12,883,557	\$ 11,850,395
Contributions as a percentage of covered payroll	25.31%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

The following changes in assumptions occurred since the previous valuation:

- The discount rate changed from 2.00% to 3.69%.
- The healthcare cost trend rate changed from 7.00% to 5.50%.
- The mortality assumptions previously used the 1984 Unisex Mortality Table while the current valuation uses the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019), where applicable.

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

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Capital outlay	\$ 1,275,413	\$ 1,478,149	\$ 202,736

SUPPLEMENTARY INFORMATION

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected Adult Education	84.010	14329	\$ 1,563,295
Adult Education: Adult Basic Education & ESL	84.002A	14508	286,660
Adult Education: Adult Secondary Education	84.002	13978	112,470
Adult Education: English Literacy and Civics Education	84.002A	14109	135,302
Subtotal Adult Education			<u>534,432</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	276,676
Title III			
Title III, English Learner Student Program	84.365	14346	302,244
Title III, Immigrant Education Program	84.365	15146	56,870
Subtotal Title III			<u>359,114</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	121,220
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	109,028
Special Education Cluster [1]			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,239,806
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	100,735
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	87,965
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,301
Subtotal Special Education Cluster			<u>2,430,807</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	75,752
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	25,082
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	1,687,094
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	1,807,301
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,437,731
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	212,380
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	603,233
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	1,005,819
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	21,250
Subtotal Education Stabilization Fund Discretionary Grants			<u>6,774,808</u>
Total U. S. Department of Education			<u>12,270,214</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	483,201
National School Lunch Program	10.555	13391	2,082,430
USDA Commodities [2]	10.555	*	262,612
Meal Supplements	10.555	*	143,699
Summer Food Service Program for Children	10.559	13004	137,740
Subtotal Child Nutrition Cluster			<u>3,109,682</u>
<i>Passed through California Department of Social Services:</i>			
CACFP Claims - Centers and Family Day Care	10.558	13393	102,946
Total U. S. Department of Agriculture			<u>3,212,628</u>
FEDERAL COMMUNICATIONS COMMISSION:			
<i>Direct Award:</i>			
COVID-19: Emergency Connectivity Fund Program	32.009	*	682,768
Total Federal Communications Commission:			<u>682,768</u>
Total Federal Expenditures			<u>\$ 16,165,610</u>

[1] - Major Program

[2] - In-Kind Contribution

* - Pass-Through Entity Identifying Number not available or not applicable

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	2,463.09	2,480.04
Extended Year Special Education	5.42	5.42
Special Education - Nonpublic Schools	4.98	5.28
Extended Year Special Education - Nonpublic Schools	0.34	0.34
Total TK/K through Third	2,473.83	2,491.08
Fourth through Sixth		
Regular ADA	1,770.85	1,778.19
Extended Year Special Education	2.69	2.69
Special Education - Nonpublic Schools	3.79	3.94
Extended Year Special Education - Nonpublic Schools	0.61	0.61
Total Fourth through Sixth	1,777.94	1,785.43
Seventh through Eighth		
Regular ADA	1,147.96	1,150.81
Extended Year Special Education	1.21	1.21
Special Education - Nonpublic Schools	5.13	5.01
Extended Year Special Education - Nonpublic Schools	0.54	0.54
Total Seventh through Eighth	1,154.84	1,157.57
Ninth through Twelfth		
Regular ADA	2,483.54	2,393.53
Extended Year Special Education	1.27	1.27
Special Education - Nonpublic Schools	10.64	10.89
Extended Year Special Education - Nonpublic Schools	0.93	0.93
Total Ninth through Twelfth	2,496.38	2,406.62
TOTAL SCHOOL DISTRICT	7,902.99	7,840.70

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	41,745	180	Complied
Grade 1	50,400	52,060	180	Complied
Grade 2	50,400	52,060	180	Complied
Grade 3	50,400	52,060	180	Complied
Grade 4	54,000	56,300	180	Complied
Grade 5	54,000	56,300	180	Complied
Grade 6	54,000	57,240	180	Complied
Grade 7	54,000	57,240	180	Complied
Grade 8	54,000	57,240	180	Complied
Grade 9	64,800	65,064	180	Complied
Grade 10	64,800	65,064	180	Complied
Grade 11	64,800	65,064	180	Complied
Grade 12	64,800	65,064	180	Complied

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 160,584,096	\$ 171,531,334	\$ 136,815,355	\$ 128,831,390
Expenditures And Other Financing Uses	172,951,569	146,464,451	126,981,084	117,953,174
Net change in Fund Balance	\$ (12,367,473)	\$ 25,066,883	\$ 9,834,271	\$ 10,878,216
Ending Fund Balance	\$ 50,831,189	\$ 63,198,662	\$ 37,229,768	\$ 27,395,497
Available Reserves*	\$ 21,429,898	\$ 32,359,366	\$ 22,650,578	\$ 16,360,650
Available Reserves As A Percentage Of Outgo	12.39%	22.09%	17.84%	13.87%
Long-term Liabilities	\$ 498,593,205	\$ 518,536,523	\$ 329,096,718	\$ 347,796,076
Average Daily Attendance At P-2***	7,934	7,903	8,609	8,613

The General Fund ending fund balance has increased by \$35,803,165 over the past two years. However, the fiscal year 2023-24 budget projects a decrease of \$12,367,473. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by \$170,740,447 over the past two years.

Average daily attendance has decreased by 710 ADA over the past two years. An increase of 31 ADA is anticipated during the 2023-24 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include audit adjustments and reclassifications.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
June 30, 2023, annual financial and budget report fund balance	\$ 63,198,662
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Lease receivable activity (GASB 87)	12,766
Net adjustments and reclassifications	<u>12,766</u>
June 30, 2023, audited financial statement fund balance	<u>\$ 63,211,428</u>

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023**

The District does not sponsor any charter schools.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 413,090	\$ 2,077,971	\$ 5,816,006	\$ 679,155	\$ 2,648,240	\$ 11,634,462
Accounts receivable	1,000	196,779	920,491	37,693	72,855	1,228,818
Stores inventory	-	-	42,739	-	-	42,739
Total Assets	\$ 414,090	\$ 2,274,750	\$ 6,779,236	\$ 716,848	\$ 2,721,095	\$ 12,906,019
LIABILITIES						
Accrued liabilities	\$ -	\$ 113,838	\$ 60,070	\$ 1,680	\$ -	\$ 175,588
Due to other funds	-	-	108,800	-	-	108,800
Total Liabilities	-	113,838	168,870	1,680	-	284,388
FUND BALANCES						
Non-spendable	-	-	42,739	-	-	42,739
Restricted	414,090	2,160,912	6,567,627	715,168	1,184,715	11,042,512
Assigned	-	-	-	-	1,536,380	1,536,380
Total Fund Balances	414,090	2,160,912	6,610,366	715,168	2,721,095	12,621,631
Total Liabilities and Fund Balances	\$ 414,090	\$ 2,274,750	\$ 6,779,236	\$ 716,848	\$ 2,721,095	\$ 12,906,019

See accompanying notes to supplementary information.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 534,432	\$ 3,212,628	\$ -	\$ -	\$ 3,747,060
Other state sources	-	2,360,844	2,579,231	-	-	4,940,075
Other local sources	645,863	195,892	244,177	663,382	205,001	1,954,315
Total Revenues	645,863	3,091,168	6,036,036	663,382	205,001	10,641,450
EXPENDITURES						
Current						
Instruction	-	1,122,030	-	-	-	1,122,030
Instruction-related services						
Instructional supervision and administration	-	402,485	-	-	-	402,485
School site administration	-	861,902	-	-	-	861,902
Pupil services						
Food services	-	-	5,069,233	-	-	5,069,233
General administration						
All other general administration	-	-	108,800	-	-	108,800
Plant services	-	118,165	-	-	34,320	152,485
Facilities acquisition and construction	-	125,807	253,044	286,645	9,230	674,726
Ancillary services	685,590	-	-	-	-	685,590
Debt service						
Principal	-	92,551	-	-	-	92,551
Interest and other	-	4,169	-	-	-	4,169
Total Expenditures	685,590	2,727,109	5,431,077	286,645	43,550	9,173,971
NET CHANGE IN FUND BALANCE	(39,727)	364,059	604,959	376,737	161,451	1,467,479
Fund Balance - Beginning	453,817	1,796,853	6,005,407	338,431	2,559,644	11,154,152
Fund Balance - Ending	\$ 414,090	\$ 2,160,912	\$ 6,610,366	\$ 715,168	\$ 2,721,095	\$ 12,621,631

See accompanying notes to supplementary information.

SAN LEANDRO UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023

The San Leandro Unified School District was established on July 1, 1952 and is comprised of an area of approximately 15 square miles located in Alameda County. There were no changes in the boundaries of the District during the current year. The District currently operates 14 schools, consisting of eight elementary (grades K-5), two 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).

GOVERNING BOARD

Member	Office	Term Expires
Peter Oshinski	President	2024
Monique M. Tate	Vice President	2024
Leo Sheridan	Clerk	2026
Evelyn Gonzalez	Member	2024
Diana Prola	Member	2024
Jackie Calderon Perl	Member	2026
James Aguilar	Member	2026

DISTRICT ADMINISTRATORS

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

Larry Simon
Assistant Superintendent, Information Systems

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

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

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
San Leandro Unified School District
San Leandro, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Leandro Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the San Leandro Unified School District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
November 29, 2023

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

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'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 San Leandro Unified School District's major federal programs for the year ended June 30, 2023. San Leandro Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Leandro Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 audit 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Leandro Unified School District's federal programs.

Auditor's Responsibilities for the Audit for 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 San Leandro Unified School 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about San Leandro Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 San Leandro Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of San Leandro Unified School 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 San Leandro Unified School 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 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.

Report on Internal Control Over Compliance (continued)

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.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
November 29, 2023

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
San Leandro Unified School District
San Leandro, California

Report on State Compliance***Opinion on State Compliance***

We have audited San Leandro Unified School District's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to San Leandro Unified School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, San Leandro Unified School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State 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. 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to San Leandro Unified School District's state programs.

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on San Leandro Unified School 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 San Leandro Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 San Leandro Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of San Leandro Unified School 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of San Leandro Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine San Leandro Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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 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 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 State Compliance section 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.

Report on Internal Control Over Compliance (continued)

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
November 29, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027, 84.027A, 84.173, 84.173A</u>	<u>Special Education Cluster</u>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>

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

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 <i>Guide for Annual Audits of California K-12 Local Education Agencies</i> ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2023.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2023.

**SAN LEANDRO UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings or questioned costs for the year ended June 30, 2022.