

WPUSD

Board Packet

Part 2

1-19-21

INFORMATION

DISCUSSION

ACTION

ITEMS

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Receipt of the 2019-20 Audited Financial Statements

AGENDA ITEM AREA:

Discussion

REQUESTED BY:

Audrey Kilpatrick, Asst. Supt. – Business & Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

The 2019-20 Unaudited Actuals were presented to the Board of Trustees in September. The audit firm, Crowe LLP, has performed the required independent annual audit and submitted our audit report to the State Controller's Office as required by law. The auditors will be present at the Board meeting to present highlights of the Audited Financial Statements.

RECOMMENDATION:

Administration recommends the Board of Trustees receive the 2019-20 Audited Financial Statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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WESTERN PLACER UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020
(Continued)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District Lincoln, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western Placer Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western Placer Unified School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 13 and other Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 55 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Placer Unified School District's basic financial statements. The accompanying Schedule of Expenditure 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* and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 Schedule of Expenditure of Federal Awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021 on our consideration of Western Placer 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 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 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 Western Placer Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

**Western Placer Unified School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

The management's discussion and analysis of Western Placer Unified School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 through 3, notes to the financial statements on pages 23 through 54, and the District's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- California K-12 education finance has fully implemented the new funding model "Local Control Funding Formula" (LCFF).
- In 2019-20, the District's Total Assets increased by \$75,627,602 which represents an 23.31% increase from the 2018-19 fiscal year. The increase was primarily due to increases in capital assets, specifically buildings, site improvements with completed construction at Glen Edwards Middle School and Scott M. Leaman Elementary School and work in progress (WIP) at Twelve Bridges High School of a net \$72.8 million.
- The District's Net Position decreased by \$4.67 million from June 30, 2019. Total revenues were \$103,410,516, compared to \$98,742,618 in expenditures.
- The fund balance of the General Fund increased overall by \$3,600,273 from the prior year ending the year at \$15,627,067. The fund balance in the undesignated fund balance category increased by \$4,137,273, having begun the year with a balance of \$9,496,222. This reserve also includes the 3% Reserve for Economic Uncertainty of \$2,325,046. The increase in fund balance from the prior year was projected in both the original and revised budgets adopted by the Board.
- District enrollment in 2019-20 was 7,209 at Second Period reporting, an increase of 128 students, or 1.8%, with a corresponding increase of 168 Average Daily Attendance (ADA) to 2019-20 ADA of 6,947 with an attendance rate of 96.4%. Although 2020-21 enrollment is projected to decrease by 175 students, the State will fund the District at the 2019-20 ADA level of 6,947. The District attendance rate is projected to remain stable at 95.8% for the next two years.
- Although in past years, the housing crisis had a significant impact on District demographics and enrollment growth, over the last couple of years we have seen an uptick in construction growth. Developers have been pulling housing permits for the past few years, and new homes continue to appear within District boundaries. Administration has seen an uptick in the developer fee payments over the last six months in the 2020-21 fiscal year and once we see steady growth in new housing, we anticipate we will begin to see a consistent increase in student enrollment.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are organized to provide the reader first with a look at the financial status of the entire Western Placer Unified School District. The statements then proceed to provide an increasingly detailed look at specific financial activities. This annual report consists of three parts:

- **Management's Discussion and Analysis** – this section, which provides an overall review of the financial activity for the past fiscal year as well as a look at the future years.
- **Basic Financial Statements** – a look at Western Placer Unified School District's financial statement as a whole for the entire operating entity. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.
- **Required Supplementary Information** – detailed information for specific financial activities including required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Reporting on the District as a Whole

Statement of Net Position and Statement of Activities

These two statements provide information about the District as a whole using the accrual accounting methods similar to those used by private-sector companies. They help answer the question, "How did we do financially during 2019-20?"

The change in net position is reported in the Statement of Net Position. This change in net position is important because it tells the reader whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some of them financial and some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating.

All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The relationship between revenues and expenses indicates the District's operating results. It is important to remember, the District's goal is to provide services to its students, not to generate profits as is necessary in commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools in order to assess the overall health of the District.

In the District-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities** – All of the District's services are reported here, including regular and special education, general administration, transportation, food services, plant services, facilities acquisition and construction, interest, and long-term debt. State support from LCFF and categorical apportionments finance most of these activities.
- **Business-type Activities** – The District does not currently have any business type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required to be established by State law, bond covenants, or through grant or program restrictions.
- The District establishes other funds to control and manage money for specific purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

A District may have three kinds of funds:

- **Governmental Funds** – Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Building Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help 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** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds use the full accrual basis of accounting, the same as the District-wide statements. The District does not have programs classified in this category.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets that are reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The District as a Whole

Statement of Net Position

The District's total assets increased by \$75,627,602 to \$400,077,935 during the 2019-20 fiscal year. Cash and cash equivalent accounts increased \$1,901,340 from FY 2018-19. Deferred outflows of resources for pensions decreased by \$2,739,715 due to the continued implementation of GASB 68.

Total liabilities increased \$67,447,594 primarily due to the refinance of certificates of participation of \$18,132,598, issuance of bond anticipation notes of \$53,525,000 and the GASB 68 net pension liability of \$1,758,795. Accounts payable decreased \$2,569,071 and unearned revenues increased by \$167,468 due to grant funds spent in 2019-20. Deferred inflows of resources for pensions increased by \$1,481,974 due to the continued implementation of GASB 68.

The District's net position for FY 2019-20 was (\$5,585,885), a decrease of \$4,667,512 (45.52%) from FY 2018-19. Of this balance, \$28,505,348 was restricted while (\$62,118,972) was unrestricted. Net investment in capital assets accounted for \$28,027,739 of the total net position.

The Statement of Net Position is included in the table below and provides the detail information for 2018-19 and 2019-20, along with the variances between the years.

Table 1
Net Position
June 30, 2019 and 2020
Governmental Activities

	2018-19	2019-20	\$ Difference	% Difference
Assets:				
Cash and investments	\$ 95,528,438	\$ 97,429,778	\$ 1,901,340	1.99%
Receivables	4,749,431	5,712,646	963,215	20.28%
Prepaid expenses	25,060	25,370	310	1.24%
Stores inventory	5,946	11,705	5,759	96.86%
Other current assets	1,331	1,342	11	0.83%
Capital assets (net of accumulated depreciation)	224,140,127	296,897,094	72,756,967	32.46%
Total assets	324,450,333	400,077,935	75,627,602	23.31%
Deferred Outflows of Resources:				
Deferred outflows of resources-pensions and OPEB	23,211,441	21,426,698	(1,784,743)	-7.69%
Deferred outflow from advance refunding of debt	6,900,400	6,654,711	(245,689)	-3.56%
Total deferred outflows of resources - pensions	30,111,841	28,081,409	(2,030,432)	-6.74%
Liabilities:				
Accounts payable	15,936,547	13,367,476	(2,569,071)	-16.12%
Unearned revenue	121,005	288,473	167,468	100.00%
Long-term liabilities				
Due within one year	5,922,541	5,732,237	(190,304)	-3.21%
Due after one year	339,858,646	409,898,147	70,039,501	20.61%
Total liabilities	361,838,739	429,286,333	67,447,594	18.64%
Deferred Inflows of Resources:				
Deferred inflows of resources-pensions and OPEB	2,976,832	4,458,806	1,481,974	49.78%
Net Position				
Invested in capital assets, net of related debt	26,505,997	28,027,739	1,521,742	5.74%
Restricted	16,172,681	28,505,348	12,332,667	76.26%
Unrestricted	(52,932,075)	(62,118,972)	(9,186,897)	17.36%
Net Investment in Capital Assets	\$ (10,253,397)	\$ (5,585,885)	\$ 4,667,512	-45.52%

Statement of Activities

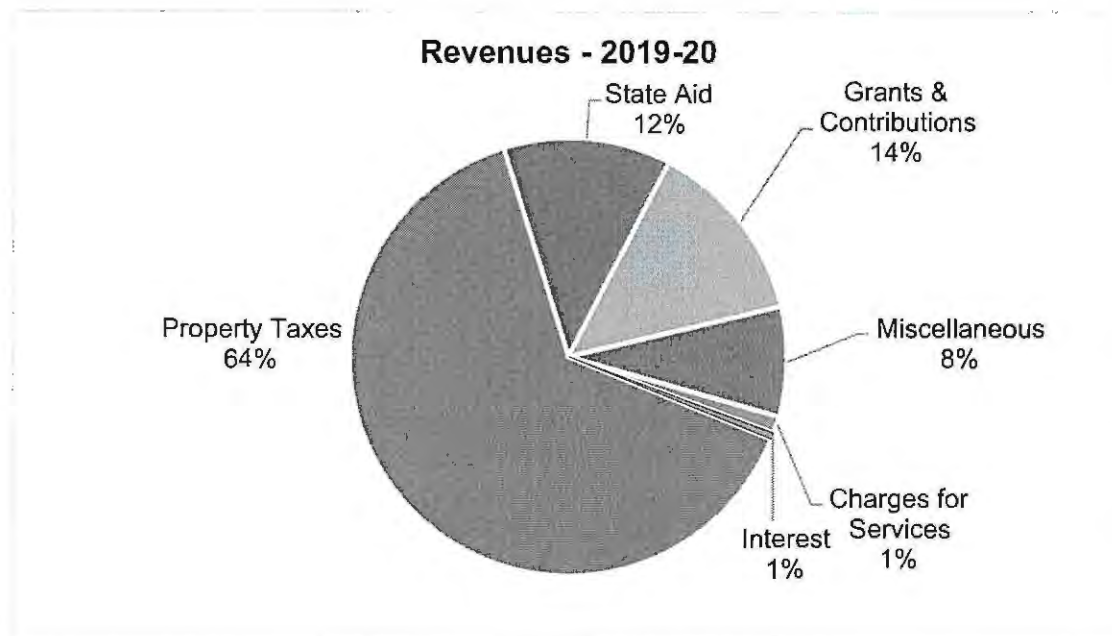
The District's total expenses were \$98,742,618; \$25,041 higher in 2019-20 than 2018-19. Program revenues were \$18,419,516; \$2,327,352 higher in 2019-20 than 2018-19. General revenues were \$84,990,614; \$2,794,335 higher than 2018-19.

Table 2
Statement of Activities
June 30, 2019 and 2020

	Governmental Activities			
	2018-19	2019-20	\$ Difference	% Difference
General Revenues				
Taxes Levied for General Purposes	\$ 52,614,581	\$ 54,697,844	\$ 2,083,263	3.96%
Taxes Levied for Debt Service	6,466,876	5,461,627	(1,005,249)	-15.54%
Taxes Levied for Specific Purposes	6,027,595	6,104,942	77,347	1.28%
Unrestricted Federal and State Aid	11,875,670	12,854,546	978,876	8.24%
Interest and Investment Earnings	1,878,158	522,800	(1,355,358)	-72.16%
Interagency Revenues	251,367	255,651	4,284	1.70%
Miscellaneous	3,082,032	5,093,204	2,011,172	65.25%
Total General Revenues	82,196,279	84,990,614	2,794,335	3.40%
Program Revenues				
Charges for Services	1,013,978	1,288,183	274,205	27.04%
Operating Grants & Contributions	15,072,484	14,099,369	(973,115)	-6.46%
Capital Grants & Contributions	5,702	3,031,964	3,026,262	100.00%
Total Program Revenues	16,092,164	18,419,516	2,327,352	14.46%
Total Revenues	98,288,443	103,410,130	5,121,687	5.21%
Expenses				
Instruction	56,557,498	56,665,019	107,521	0.19%
Supervision of Instruction	2,880,860	2,993,745	112,885	3.92%
Instructional Library, Media & Technology	861,555	885,438	23,883	2.77%
School Administration	5,274,052	5,356,770	82,718	1.57%
Pupil Support Services	3,482,754	3,638,665	155,911	4.48%
Home-to-School Transportation	1,830,509	1,547,569	(282,940)	-15.46%
Food Service	2,050,429	2,049,422	(1,007)	-0.05%
General Administration	5,071,139	5,036,083	(35,056)	-0.69%
Plant Services	7,500,371	6,751,687	(748,684)	-9.98%
Ancillary Services	1,340,159	1,114,672	(225,487)	-16.83%
Community Services	46,256	33,060	(13,196)	-28.53%
Transfer Between Agencies	2,144,065	1,845,582	(298,483)	-13.92%
Interest on Debt and Fiscal Charges	9,677,930	10,824,906	1,146,976	11.85%
Total Expenses	98,717,577	98,742,618	25,041	0.03%
Change in Net Position	(429,134)	4,667,512	5,096,646	-100.00%
Net Position - Beginning	(9,824,263)	(10,253,397)	(429,134)	4.37%
Net Position - Ending	\$ (10,253,397)	\$ (5,585,885)	\$ 4,667,512	-45.52%

The users of the District's programs paid \$1,288,183 of the cost. This revenue was generated through cafeteria sales of \$524,813, home-to-school transportation fees of \$380,591 and other miscellaneous revenue of \$382,779. The federal and state governments subsidized certain programs with grants and contributions of \$14,099,369. Most of the governmental activities were paid with \$66,264,413 in property taxes, \$12,854,546 of unrestricted state aid based on the statewide Local Control Funding Formula, and \$522,800 of investment earnings. Miscellaneous revenues of \$8,380,819 is comprised of a number of items, including interest revenue, facilities use fees, developer fees, Mello-Roos receipts, interagency revenues and site co-curricular revenues.

Sources of Western Placer USD's Revenue for the 2019-20 Fiscal Year
Figure 1



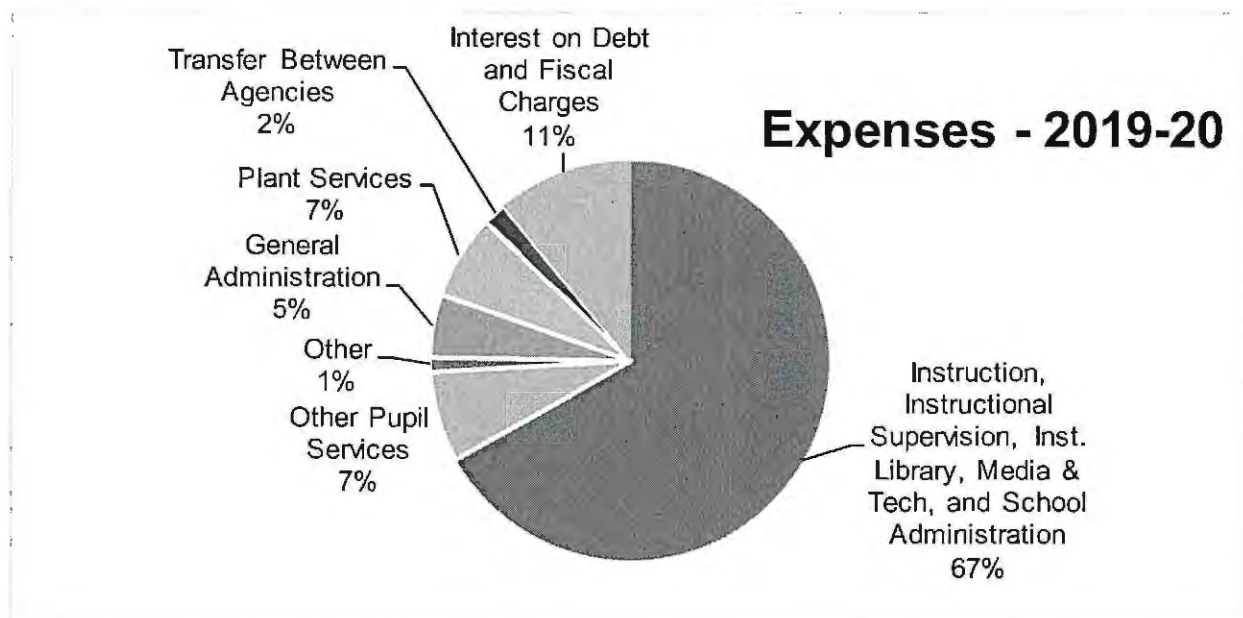
As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$103,410,130.

Instruction, supervision of instructional, instructional library, media & technology, and school administration expenses made up approximately 67% of total 2019-20 expenditures, a 1% increase from 2018-19. General administration accounted for approximately 5% of the expenditure budget, no change from 2018-19. Interest on debt, fiscal charges and transfers between agencies represented 11% of all outgo, a 1% decrease from 2018-19, and pupil services accounted for 7% of expenditures, no change from 2018-19. Plant maintenance and operations accounted for 7% of the expenditure budget, a 1% decrease from 2018-19.

Figure 2 charts the District's expenditures for the 2019-20 school year.

Western Placer USD's Expenses for the Fiscal Year 2019-20

Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The individual fund statements provide information on inflows and outflows and balances of spendable resources.

The District's Governmental Funds reported a combined fund balance of \$93.8 million, an increase of \$4.7 million from the previous fiscal year's combined ending balance of \$89.1 million. The funds with greatest change were:

- Building Fund decreasing by a net \$2.5 million due to the completion of Glen Edwards Middle School and Scott M. Leaman Elementary School and work-in-progress construction expenditures for Twelve Bridges High School,
- Bond Interest Redemption Fund decreasing by \$2.6 million principal and interest payments on long term debt,
- Capital Facilities Fund increasing by \$145,476 due to increased developer fee and interest revenues, in excess of facilities expenditures and transfers out to the Mello-Roos Fund,
- Mello-Roos Fund increasing by \$3 million due to proceeds from the issuance of Certificates of Participation 2019 Refinancing Project,
- County School Facilities Fund increasing by \$3 million due to the receipt of State grant funding for the Twelve Bridges High School CTE program facilities project,
- General Fund increasing nearly \$3.6 million for unspent local, state and federal revenues received but not spent due to the District moving to on-line instruction in March 2020 as schools closed based on COVID-19 pandemic State and county stay at home orders.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. Significant budget adjustments fell into the following categories:

- Budget revisions acknowledging the inclusion of restricted ending balances, deferred revenue, and carryover from the prior year.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Budget revisions to reflect salary settlements.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of approximately \$113,000. Actual audited activity reflected a net increase to the ending balance of \$3.6 million. The difference between the final budget and the actual ending balance is due primarily to unspent District and school site, federal and state program fund carryovers, including state one-time mandate reimbursement funds of approximately \$2.25 million reserved for new elementary and high school start-up costs and science instructional materials adoption costs to be spent in 2020-21. This is not uncommon, particularly in categorical programs and unspent one-time funds that carry balances over from year to year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2019-20 fiscal year, the District had invested \$296.9 million in a broad range of capital assets, including school sites, school buildings, site improvements, vehicles, equipment, and work in progress regarding the construction of the new Twelve Bridges High School. This amount represents an increase of \$72.8 million from the previous fiscal year, which consists of construction work in progress, building construction, site improvement and equipment additions totaling \$82 million, net of deletions and depreciation expense in the current fiscal year of \$9.2 million.

Table 3
Capital Assets
(net of depreciation)

	2018-19	2019-20	\$ Difference	% Difference
Land	47,581,849	47,681,849	\$ 100,000	0.21%
Site Improvement	6,133,678	10,267,603	4,133,925	67.40%
Buildings	117,472,630	133,800,571	16,327,941	13.90%
Equipment & Vehicles	1,243,789	1,909,108	665,319	53.49%
Work in Progress (WIP)	51,708,181	103,237,963	51,529,782	100.00%
Total	\$ 224,140,127	\$ 296,897,094	\$ 72,756,967	32.46%

During 2020/21, the District completed the modernization construction projects at Glen Edwards Middle School and new construction of Scott M. Leaman Elementary. The District also made substantial progress in the new construction of Twelve Bridges High School, opening in the fall of 2021. The Twelve Bridges High School project represents the balance of the June 30, 2020 WIP balance.

Long-Term Debt

At June 30, 2020, the District had \$415,630,474 in long-term debt outstanding.

Table 4
Outstanding Liabilities

	2018-19	2019-20
General Obligation Bonds	\$ 117,820,000	\$ 114,725,000
Bond Anticipation Notes	-	53,525,000
Special Tax Bond	10,373,511	9,834,612
Unamortized Premiums	13,692,512	14,141,828
Other Post Employment Benefi	5,351,122	7,109,917
PARS	410,360	205,181
Compensated Absences	208,682	171,338
Certificates of Participation	125,505,000	143,637,598
Net Pension Liability	72,420,000	72,280,000
TOTAL	\$ 345,781,187	\$ 415,630,474

The General Obligation Bonds are financed by the local taxpayers and represent 27.60% of the District's long-term debt. Bond Anticipation Notes are financed through a lease financing paid by local taxpayers and represents 12.88% of the District's long-term debt. Certificates of Participation (COPs) are defeased through Mello-Roos special taxes and developer fees. COPs represent an additional 34.56% of the District long-term debt. The District's Net Pension Liability represents 17.39% of the District's long-term liability. PARS represents the five-year payment of an early retirement incentive the District offered in 2015-16 with 2019-20 being the final payment year. Nineteen employees took the opportunity to retire early under this plan. PARS debt represents .05% of the District's long-term liabilities at June 30, 2020. Other post-employment benefits are approximately 1.71% of the long-term liability balance.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For several years, the District saw rapid growth as new housing developments were completed and new homeowners moved into the District. The housing crisis and the economic downturn of prior years had a significant impact on this development. Enrollment in 2013-14 increased 114 students (or 1.7%) over 2012-13. Over the last six years since 2013-14, the district has increased enrollment by 497 students (or 7.4%).

In 2020-21, the District experienced a decrease in enrollment of 175 students from 2019-20, mainly due to students moving out of the area, to another district or home schooling due to the COVID-19 pandemic. The District had projected an increase of 72 students at budget adoption, which equates to an actual enrollment drop of 247 students from what we projected at budget adoption. Fortunately, funding purposes, the State has provided a hold-harmless provision and our 2020-21 LCFF funding will be based on 2019-20 Actual average Daily Enrollment (ADA).

For 2021-22, we are projecting that enrollment will increase to at least our 2019-20 enrollment of 7,209 and regain the 175 students we lost in 2020-21. If our actual enrollment and ADA do not exceed our 2019-20 ADA, we will be subject to the normal hold harmless provision and be funded at 2019-20 ADA. For 2022-23, we are projecting that enrollment will increase to 7,353 reflecting (an overall average increase of approximately 2% over a three-year period from 2019-20 to 2022-23).

In the 2020-21 budget year, the District opened the new Scott M. Leaman Elementary School. Additionally, John Adams Academy (JAA) charter opened a new school site and expanded grades at their charter. In the 2021-22 year, the District will open the new Twelve Bridges High School. Any enrollment change from this new high school in the 2021-22 budget year has not been included in the District budget projections. As we move closer to the opening, we will assess any possible enrollment changes. We anticipate that the enrollment growth will increase steadily as developers continue to pull permits and building houses in Lincoln.

The District's greatest challenge continues to be maintaining a viable relationship between its revenues and expenditures while at the same time expanding its infrastructure and services to address the educational, technology and facility needs of its existing and future students. The District is committed to a balanced budget and maintaining a minimum reserve of 3% of expenditures for economic uncertainties.

The 2020-21 State Budget was approved by June 30, 2020. The final budget for 2020-21 suspended the statutory COLA of 2.31% on the Local Control Funding Formula (LCFF) and removed the 10% proration factor proposed in the Governor's May Revision to hold all school districts, with the exception of districts eligible for SB 820 growth funding and newly operational charter schools, at 2019-20 ADA levels. This change was made possible in part by increasing deferrals of the principal apportionment to \$11 billion to be paid in the 2021-22 fiscal year.

On the expenditure side, the State continues to project increases in STRS and PERS employer contribution rates over the next several years. The increases in employer contribution rates continue to outpace State funded cost of living adjustment (COLA) increases.

In 2020-21, due to the suspended COLA, increased STRS and PERS costs and on-going support expenditures, the District's First Interim Budget reporting shows the General Fund with a planned structural deficit of \$1.8 million, largely due to \$1.3 million in prior year unspent funds budgeted to be spent in 2020-21. Although the district projects this deficit, it still maintains the required 3% reserve for Economic Uncertainty plus an additional 8.3%, 7.2% and 2.0% of unassigned surplus for 2020-21, 2021-22 and 2022-23.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Western Placer Unified School District, 600 Sixth Street, Suite 400, Lincoln, CA 95648, (916) 645-6350.

BASIC FINANCIAL STATEMENTS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	\$ 97,429,778
Receivables	5,712,646
Prepaid expenses	25,370
Stores inventory	11,705
Other current assets	1,342
Non-depreciable capital assets (Note 4)	150,919,812
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>145,977,282</u>
Total assets	<u>400,077,935</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	18,414,958
Deferred outflows of resources - OPEB (Note 9)	3,011,740
Deferred outflow from advance refunding of debt	<u>6,654,711</u>
Total deferred outflows of resources	<u>28,081,409</u>
LIABILITIES	
Accounts payable	13,367,476
Unearned revenue	288,473
Long-term liabilities (Note 5):	
Due within one year	5,732,327
Due after one year	<u>409,898,147</u>
Total liabilities	<u>429,286,423</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	4,296,000
Deferred inflows of resources - OPEB (Note 9)	<u>162,806</u>
Total deferred inflows of resources	<u>4,458,806</u>
NET POSITION	
Net investment in capital assets	28,027,739
Restricted:	
Legally restricted programs	2,011,515
Capital projects	12,227,212
Debt service	14,266,621
Unrestricted	<u>(62,118,972)</u>
Total net position	<u>\$ (5,585,885)</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
Governmental activities:					
Instruction	\$ 56,665,019	\$ 748	\$ 8,160,032	\$ 3,031,964	\$ (45,472,275)
Instruction-related services:					
Supervision of instruction	2,993,745	-	725,586	-	(2,268,159)
Instructional library, media and technology	885,438	-	13,139	-	(872,299)
School site administration	5,356,770	-	310,348	-	(5,046,422)
Pupil services:					
Home-to-school transportation	1,547,569	380,591	727,445	-	(439,533)
Food services	2,049,422	524,813	1,380,259	-	(144,350)
All other pupil services	3,638,665	32	811,044	-	(2,827,589)
General administration:					
Data processing	1,377,006	-	-	-	(1,377,006)
All other general administration	3,659,077	115,280	585,022	-	(2,958,775)
Plant services	6,751,687	1,088	96,594	-	(6,654,005)
Ancillary services	1,114,672	2	381,321	-	(733,349)
Community services	33,060	-	12,056	-	(21,004)
Other outgo	1,845,582	265,629	896,523	-	(683,430)
Interest on long-term liabilities	10,824,906	-	-	-	(10,824,906)
Total governmental activities	\$ 98,742,618	\$ 1,288,183	\$ 14,099,369	\$ 3,031,964	(80,323,102)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					54,697,844
Taxes levied for debt service					5,461,627
Taxes levied for other specific purposes					6,104,942
Federal and state aid not restricted to specific purposes					12,854,546
Interest and investment earnings					522,800
Interagency transfers					255,651
Miscellaneous					5,093,204
Total general revenues					84,990,614
Change in net position					4,667,512
Net position, July 1, 2019					(10,253,397)
Net position, June 30, 2020					\$ (5,585,885)

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 14,729,945	\$ 62,803,439	\$ 17,035,536	\$ 94,568,920
Cash in revolving cash account	5,000	-	-	5,000
Cash with fiscal agent	-	2,208,722	21,373	2,230,095
Collections awaiting deposit	104,621	27,181	493,961	625,763
Accounts receivable	5,538,887	13,330	160,429	5,712,646
Prepaid expenditures	25,370	-	-	25,370
Stores inventory	-	-	11,705	11,705
Other current assets	-	-	1,342	1,342
Due from other funds	3,738	-	396,922	400,660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 20,407,561</u>	<u>\$ 65,052,672</u>	<u>\$ 18,121,268</u>	<u>\$ 103,581,501</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,345,099	\$ 4,712,700	\$ 39,863	\$ 9,097,662
Unearned revenue	288,473	-	-	288,473
Due to other funds	146,922	-	253,738	400,660
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,780,494</u>	<u>4,712,700</u>	<u>293,601</u>	<u>9,786,795</u>
Fund balances:				
Nonspendable	30,370	-	11,705	42,075
Restricted	1,963,202	60,339,972	17,815,962	80,119,136
Unassigned	13,633,495	-	-	13,633,495
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>15,627,067</u>	<u>60,339,972</u>	<u>17,827,667</u>	<u>93,794,706</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 20,407,561</u>	<u>\$ 65,052,672</u>	<u>\$ 18,121,268</u>	<u>\$ 103,581,501</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances - Governmental Funds \$ 93,794,706

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$356,933,998 and the accumulated depreciation is \$60,036,904 (Note 4).

296,897,094

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 statements, it is recognized in the period that it is incurred.

(4,269,814)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2020 consisted of (Note 5):

Special Tax Bonds	\$ (9,834,612)
General Obligation Bonds	(114,725,000)
Bond Anticipation Notes	(53,525,000)
Unamortized premiums	(14,141,828)
Certificates of Participation	(143,637,598)
Public Agency Retirement System (PARS)	(205,181)
Net OPEB liability (Note 9)	(7,109,917)
Net pension liability (Notes 7 and 8)	(72,280,000)
Compensated absences	(171,338)

(415,630,474)

In governmental funds, deferred inflows and deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred inflows or deferred outflows of resources:

6,654,711

In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8, 9 and 10).

Deferred outflows of resources relating to pensions	18,414,958
Deferred outflows of resources relating to OPEB	3,011,740
Deferred inflows of resources relating to pensions	(4,296,000)
Deferred inflows of resources relating to OPEB	(162,806)

16,967,892

Total net position - governmental activities

\$ (5,585,885)

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 24,539,035	\$ -	\$ -	\$ 24,539,035
Local sources	40,862,832	-	-	40,862,832
Total LCFF	65,401,867	-	-	65,401,867
Federal sources	2,498,752	-	1,257,722	3,756,474
Other state sources	7,677,640	-	3,089,645	10,767,285
Other local sources	5,101,096	689,432	16,866,972	22,657,500
Total revenues	80,679,355	689,432	21,214,339	102,583,126
Expenditures:				
Current:				
Certificated salaries	33,105,100	-	-	33,105,100
Classified salaries	9,782,633	271,651	903,522	10,957,806
Employee benefits	20,695,138	119,933	437,085	21,252,156
Books and supplies	3,062,656	1,158,575	703,461	4,924,692
Services and other operating expenditures	7,707,930	992,764	537,499	9,238,193
Other outgo	1,845,582	-	-	1,845,582
Capital outlay	835,705	73,548,850	49,420	74,433,975
Debt service:				
Principal retirement	205,179	-	5,228,899	5,434,078
Interest	-	-	10,356,371	10,356,371
Total expenditures	77,239,923	76,091,773	18,216,257	171,547,953
Excess (deficiency) of revenues over (under) expenditures	3,439,432	(75,402,341)	2,998,082	(68,964,827)
Other financing sources (uses):				
Transfers in	239,199	-	328,358	567,557
Transfers out	(78,358)	-	(489,199)	(567,557)
Proceeds from the issuance of Bond Anticipation Notes	-	53,525,000	-	53,525,000
Proceeds from the issuance of Certificates of Participation	-	18,887,598	-	18,887,598
Proceeds from the issuance of refunding debt	-	-	8,285,000	8,285,000
Premium from the issuance of debt	-	740,847	-	740,847
Discount on issuance of debt	-	(267,625)	(45,961)	(313,586)
Deposit to refunding escrow	-	-	(7,445,000)	(7,445,000)
Total other financing sources (uses)	160,841	72,885,820	633,198	73,679,859
Change in fund balances	3,600,273	(2,516,521)	3,631,280	4,715,032
Fund balances, July 1, 2019	12,026,794	62,856,493	14,196,387	89,079,674
Fund balances, June 30, 2020	\$ 15,627,067	\$ 60,339,972	\$ 17,827,667	\$ 93,794,706

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net change in fund balances - Total Governmental Funds \$ 4,715,032

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

Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4). 77,039,518

Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4). (4,188,002)

Write off of canceled projects is an expense that is not recorded in the governmental funds (Note 4). (94,549)

Proceeds from debt are recognized as other financing sources in the governmental funds, but increased the long-term liabilities in the statement of net position (Note 5). (80,697,598)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5). 12,673,899

In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the governmental-wide statements, public agency retirement system incentives are measured on the accrual basis. (Note 5). 205,179

Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position. 557,206

In governmental funds, debt issued at a premium is recognized as an other financing source. In the is amortized as interest over the life of the debt (Note 5). (449,316)

In government-wide statements, any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Deferred gain or loss from debt refunding for the period is: (245,689)

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 5, 7, and 8):

(4,042,715)

In the statement of activities, expenses related to the net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 9).

(805,453) (47,520)

Change in net position of governmental activities

\$ 4,667,512

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2020

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Scholarship</u>	<u>Retiree Benefits</u>	
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	\$ 164,943	\$ 7,258	\$ 150,264
Cash on hand and in banks	-	-	330,453
Accounts receivable	<u>137</u>	<u>6</u>	<u>-</u>
Total assets	<u>165,080</u>	<u>7,264</u>	<u>\$ 480,717</u>
LIABILITIES			
Accounts payable	-	-	\$ 150,264
Due to student groups	<u>-</u>	<u>-</u>	<u>330,453</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 480,717</u>
NET POSITION			
Restricted for scholarships and retiree benefits	<u>\$ 165,080</u>	<u>\$ 7,264</u>	

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUNDS
For the Year Ended June 30, 2020

	<u>Trust Funds</u>	
	<u>Scholarship</u>	<u>Retiree Benefits</u>
Additions:		
Other local sources	\$ <u>2,746</u>	\$ <u>121</u>
Deductions:		
Services and other operating expenditures	<u>1,700</u>	<u>-</u>
Change in net position	1,046	121
Net position, July 1, 2019	<u>164,034</u>	<u>7,143</u>
Net position, June 30, 2020	<u>\$ 165,080</u>	<u>\$ 7,264</u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Placer Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Mello-Roos Community Facilities District: The District and the Mello-Roos Community Facilities District (the "CFD") have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the CFD as a blended component unit of the District. Accordingly, the financial activities of the CFD have been included in the financial statements of the District within the Mello-Roos Fund, a debt service fund. Special tax bonds issued by the CFD are included in long-term liabilities on the government-wide financial statements.

Western Placer Unified School District Financing Corporation: The District and the Western Placer Unified School District Financing Corporation (the Corporation) have a financial and operational relationship that meets the reporting entity definition criteria of GASB Codification Section 2100, *The Financial Reporting Entity*, for inclusion of the Corporation as a blended component unit of the District. Accordingly, the financial activities of the Corporation have been included in the general-purpose financial statements of the District within the Building Fund, a capital projects fund. The certificates of participation issued by the Corporation are included in long-term liabilities on the government-wide financial statements.

The following are those aspects of the relationship between the District and the Corporation and the District and the CFD and Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by criteria:

A - Accountability:

1. The CFD and Corporation's Board of Directors were appointed by the District's Board of Trustees.
2. The CFD and Corporation have no employees. The District's Assistant Superintendent, Business and Operations functions as the agent of the CFD and Corporation and does not receive additional compensation for work performed in this capacity.
3. The District's Board exercises significant influence over operations of the CFD and Corporation as the District is the sole lessee of all facilities owned by the CFD and Corporation.
4. All major financing arrangements, contracts, and other transactions of the CFD and Corporation must have the consent of the District.
5. Any deficits incurred by the CFD and Corporation will be reflected in the lease payments of the District. Any surpluses of the CFD and Corporation revert to the District at the end of the lease period.
6. The District's lease payments are the sole revenue source of the CFD and Corporation.
7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the CFD and Corporation.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Scope of Public Service:

The CFD and Corporation were formed for the sole purpose of financially assisting the District. The CFD and Corporation were formed to provide financing assistance to the District for construction, rehabilitation and acquisition of major capital facilities to support the student population.

C - Financial Presentation:

For financial presentation purposes, the CFD and Corporation's financial activity have been blended with the financial data of the District. The basic financial statements present the CFD and Corporation's financial activity within the Mello-Roos and Building Funds, respectively.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The activities of the Special Reserve for Other Than Capital Outlay Fund have been included in the General Fund for financial reporting purposes.

Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

B - Other Funds

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development and Cafeteria Funds.

Capital Projects Funds: The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities, County School Facilities and Special Reserve Funds.

Debt Service Funds: The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Mello-Roos Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, Mello-Roos debt principal, interest, and related costs.

Trust Funds: The Trust Funds are used to account for assets held by the District as Trustee. The District maintains two expendable trust funds, the Scholarship Trust, which is to be used to provide financial assistance to students of the District, and the Retiree Benefits Fund, which is used by the District to reserve for funds to pay for retiree benefits.

Agency Funds: Agency Funds are used to accounts for assets of others for which the District acts as an agent. The Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds. The Warrant Pass-through Fund represents a payroll clearing account with funds held at the Placer County Office of Education for the accrued payroll liability as of June 30, 2020.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2020.

Stores Inventory: Inventory is stated at cost (average cost) which does not exceed replacement cost. Inventory consists of expendable supplies held for future use in the following period by the District's operating units, transportation supplies, and food held for consumption. Maintenance and other supplies held for physical plant repair are not included in inventory; rather, these amounts are recorded as expenditures when purchased.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes 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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Also, the District has recognized a deferred outflow of resources relate to recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position 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(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate as of June 30, 2020:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 14,020,192	\$ 4,394,766	\$ 18,414,958
Deferred inflows of resources	\$ 3,785,000	\$ 511,000	\$ 4,296,000
Net pension liability	\$ 52,504,000	\$ 19,776,000	\$ 72,280,000
Pension expense	\$ 11,839,462	\$ 4,436,813	\$ 16,276,275

Compensated Absences: Compensated absences totaling \$171,338 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since 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 for certain STRP and PERF B employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Net Position: Net position is displayed in three components:

1. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

2. *Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. The restriction for retiree benefits represents the portion of net position available for the former employees of the district. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. *Unrestricted Net Position* – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance: 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. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. 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. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2020, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2020, no such designation has occurred.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications:

E - Unassigned Fund Balance: 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.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. 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.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2018, the District has established a minimum General Fund fund balance policy of 5% of General Fund total outgo. As of June 30, 2020, the District has an unassigned balance of \$12,913,439 or 17%.

Custodial Relationships: The Statement of Net Position for Fiduciary Funds represents the assets, liabilities and trust and agency accounts of various student organizations and scholarship funds within the District. As the funds are custodial in nature, no measurement of operating results is involved.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2020 are reported at fair value and consisted of the following:

	Governmental <u>Activities</u>	Fiduciary <u>Activities</u>
Pooled Fund:		
Cash in County Treasury	\$ 94,568,920	\$ 322,465
Deposits:		
Cash on hand and in banks	-	330,453
Cash in revolving fund	5,000	-
Cash awaiting deposit	625,763	-
Investments:		
Cash with Fiscal Agent	<u>2,230,095</u>	<u>-</u>
Total cash and investments	<u>\$ 97,429,778</u>	<u>\$ 652,918</u>

Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's accounts was \$335,453 and the bank balance was \$421,082, \$404,901 of which was insured by the FDIC .

Cash with Fiscal Agent: The Cash with Fiscal Agent of \$21,373 in the Mello-Roos Fund represents debt proceeds that have been set aside for capital projects and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2020 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 3,738	\$ 146,922
Non-Major Funds:		
Adult Education	34,337	3,738
Cafeteria	111,047	-
Capital Facilities	-	250,000
County School Facilities	1,538	-
Mello-Roos	<u>250,000</u>	<u>-</u>
Totals	<u>\$ 400,660</u>	<u>\$ 400,660</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2019-20 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for TPP.	\$ 33,318
Transfer from the General Fund to the Cafeteria Fund for contribution for food services.	45,040
Transfer from the Adult Education Fund to the General Fund for indirect costs	3,738
Transfer from the Capital Facilities Fund to the Mello Roos Fund for debt repayment.	250,000
Transfer from the Bond Interest and Redemption Fund to the General Fund to close out the Series 1993 GO Bond.	201,576
Transfer from the Special Reserve Fund to the General Fund for a contribution for the school site equipment and activities.	<u>33,885</u>
	<u>\$ 567,557</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

	Balance July 1, <u>2019</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2020</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 47,581,849	\$ 100,000	\$ -	\$ 47,681,849
Work-in-process	51,708,181	56,528,722	4,998,940	103,237,963
Depreciable:				
Buildings	166,945,399	19,923,907	-	186,869,306
Equipment	5,480,909	870,661	372,801	5,978,769
Site improvements	<u>8,645,492</u>	<u>4,520,619</u>	<u>-</u>	<u>13,166,111</u>
Totals, at cost	<u>280,361,830</u>	<u>81,943,909</u>	<u>5,371,741</u>	<u>356,933,998</u>
Less accumulated depreciation:				
Buildings	(49,472,769)	(3,595,966)	-	(53,068,735)
Equipment	(4,237,120)	(205,342)	(372,801)	(4,069,661)
Site improvements	<u>(2,511,814)</u>	<u>(386,694)</u>	<u>-</u>	<u>(2,898,508)</u>
Total accumulated depreciation	<u>(56,221,703)</u>	<u>(4,188,002)</u>	<u>(372,801)</u>	<u>(60,036,904)</u>
Capital assets, net	<u>\$ 224,140,127</u>	<u>\$ 77,755,907</u>	<u>\$ 4,998,940</u>	<u>\$ 296,897,094</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,348,563
Instructional supervision and administration	4,987
Instructional library, media and technology	1,912
School site administration	67,659
Home-to-School transportation	248,082
Food services	15,336
General administrative	1,244
Centralized data processing	39,468
Plant services	<u>460,751</u>
Total depreciation expense	<u>\$ 4,188,002</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Special Tax Bonds: On March 10, 2015, the District issued Community Facilities District No. 1 Special Tax Bonds in the amount of \$12,376,387, to provide funds for refunding all of the Series 2005 Bonds. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The bonds bear interest rates ranging from 2.44% to 3.5% and are scheduled to mature in September 2034.

Scheduled payments on Series 2015 Special Tax Bonds are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 552,449	\$ 332,884	\$ 885,333
2022	568,064	314,935	882,999
2023	586,747	294,725	881,472
2024	604,595	273,877	878,472
2025	626,816	252,327	879,143
2026-2030	3,482,201	910,368	4,392,569
2031-2035	3,413,740	264,801	3,678,541
	<u>\$ 9,834,612</u>	<u>\$ 2,643,917</u>	<u>\$ 12,478,529</u>

General Obligation Bonds and Bond Anticipation Notes: A summary of General Obligation Bonds and Bond Anticipation Notes payable as of June 30, 2020 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Original Maturity</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded and Matured</u>	<u>Balance June 30, 2020</u>
2015 Series A	3.0%-5.0%	2015	2041	\$ 20,000,000	\$ 18,545,000	\$ -	\$ 520,000	\$ 18,025,000
2016 Series A	3.0%-5.0%	2016	2048	30,000,000	29,600,000	-	575,000	29,025,000
2014 Series B	3.0%-5.0%	2017	2048	25,000,000	24,675,000	-	465,000	24,210,000
2014 Series C	3.4%-5.0%	2019	2044	15,000,000	15,000,000	-	505,000	14,495,000
2016 Series B	3.5%-5.0%	2019	2044	30,000,000	30,000,000	-	1,030,000	28,970,000
2020 BAN D1	2.0%	2020	2025	30,000,000	-	18,545,000	-	18,545,000
2020 BAN D2	2.0%	2020	2025	30,000,000	-	34,980,000	-	34,980,000
Total					<u>\$ 117,820,000</u>	<u>\$ 53,525,000</u>	<u>\$ 3,095,000</u>	<u>\$ 168,250,000</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,690,000	\$ 5,724,116	\$ 8,414,116
2022	2,800,000	5,701,176	8,501,176
2023	2,920,000	5,582,351	8,502,351
2024	3,035,000	5,458,451	8,493,451
2025	56,690,000	5,335,051	62,025,051
2026-2030	17,850,000	19,216,117	37,066,117
2031-2035	21,990,000	15,043,844	37,033,844
2036-2040	26,795,000	10,148,663	36,943,663
2041-2045	24,550,000	4,248,225	28,798,225
2046-2048	8,930,000	575,700	9,505,700
	<u>\$ 168,250,000</u>	<u>\$ 77,033,694</u>	<u>\$ 245,283,694</u>

Certificates of Participation (COP): In September 2016, the District issued \$69,520,000 Refinancing Project COP, with interest rates ranging from 3.75% to 5.0%, maturing in 2048. Bond proceeds from the issuance were used to refund both the 2008 COP, and 2008B COP.

In September 2017, the District issued \$51,795,000 Refinancing Project COP, with interest rates ranging from 2.0% to 5.0%, maturing in 2050. Bond proceeds from the issuance were used to refund the 2009 refinancing COP.

On October 29, 2019, the District issued Certificates of Participation 2019 Refinancing Project in the amount of \$8,285,000 to advance refund the Certificates of Participation 2011 Refinancing Project. The 2019 Refinancing Certificates of Participation mature in varying amounts during the succeeding year through November 2037 with interest rates ranging from 2.0% to 3.7%. On June 30, 2020, \$7,445,000 of the 2011 COP outstanding are considered defeased.

Although the advance refunding resulted in the recognition of an accounting loss of \$291,484 for the year ended June 30, 2020, the district in effect reduced its aggregate debt service payments by \$907,667 over the next 13 years.

Calculation of Cash Flow Savings:

Old debt service cash flows	\$ 12,810,869
Less: New debt service cash flows	<u>11,903,202</u>
Net savings	<u>\$ 907,667</u>

Calculation of Economic Gain:

PV of old debt service cash flows	\$ 8,704,306
PV of new debt service cash flows	<u>8,193,539</u>
	<u>\$ 510,767</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In December 2019, the District issued \$18,887,598 in Certificates of Participation, with interest rates ranging from 2.42% to 4.25%, maturing in 2035. Proceeds from the issuance were used to finance a portion of the costs to construct Twelve Bridges High School and to fund modernization projects at Lincoln High School and Glenn Edwards Middle School.

The Certificates of Participation are scheduled to mature as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,680,000	\$ 5,093,543	\$ 6,773,543
2022	1,800,000	5,006,000	6,806,000
2023	1,915,000	4,948,028	6,863,028
2024	2,210,000	4,885,635	7,095,635
2025	3,025,000	4,819,815	7,844,815
2026-2030	19,877,907	23,647,324	43,525,231
2031-2035	30,619,691	18,255,106	48,874,797
2036-2040	22,985,000	12,980,947	35,965,947
2041-2045	25,800,000	8,421,028	34,221,028
2046-2048	33,725,000	3,751,731	37,476,731
	<u>\$ 143,637,598</u>	<u>\$ 91,809,157</u>	<u>\$ 235,446,755</u>

PARS Supplementary Retirement Plan: The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan, which was available to employees that satisfied all the requirements outlined in the execution agreement with an effective date of April 15, 2016. There are 19 participants in the Plan. The District will make non-elective employer contributions to the participants' 403(b) annuity contract held with Pacific Life Insurance Company. The following is a schedule of the future payments for the PARS Supplementary Retirement Plan:

<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Payments</u>
2021	<u>\$ 205,181</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2020 is shown below:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Debt:					
Special Tax Bonds	\$ 10,373,511	\$ -	\$ 538,899	\$ 9,834,612	\$ 552,449
Bond Anticipation Notes	-	53,525,000	-	53,525,000	-
General Obligation Bonds	117,820,000	-	3,095,000	114,725,000	2,690,000
Unamortized premiums	13,692,512	740,847	291,531	14,141,828	433,359
Certificates of Participation:					
Certificates of Participation	125,505,000	27,172,598	9,040,000	143,637,598	1,680,000
Other long-term liabilities:					
PARS	410,360	-	205,179	205,181	205,181
Net OPEB liability (Note 9)	5,351,122	1,758,795	-	7,109,917	-
Net pension liability (Notes 7 and 8)	72,420,000	-	140,000	72,280,000	-
Compensated absences	208,682	-	37,344	171,338	171,338
Total	<u>\$ 345,781,187</u>	<u>\$ 83,197,240</u>	<u>\$ 13,347,953</u>	<u>\$ 415,630,474</u>	<u>\$ 5,732,327</u>

Payments on the Special Tax Bonds and Bond Anticipation Notes are made from the Mello-Roos Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Mello-Roos Fund. Payments for the PARS are made from the General Fund. Payments for the net OPEB liability, net pension liability and the compensated absences are made from the fund for which the related employee worked.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2020 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 5,000	\$ -	\$ -	\$ 5,000
Prepaid expenditures	25,370	-	-	25,370
Stores inventory	-	-	11,705	11,705
Subtotal non-spendable	<u>30,370</u>	<u>-</u>	<u>11,705</u>	<u>42,075</u>
Restricted:				
Legally restricted programs	1,963,202	-	36,608	1,999,810
Capital projects	-	60,339,972	3,512,733	63,852,705
Debt service	-	-	14,266,621	14,266,621
Subtotal restricted	<u>1,963,202</u>	<u>60,339,972</u>	<u>17,815,962</u>	<u>80,119,136</u>
Assigned:				
Fund 17	<u>720,056</u>	<u>-</u>	<u>-</u>	<u>720,056</u>
Unassigned:				
Reserve for economic uncertainty	2,325,046	-	-	2,325,046
Undesignated	<u>10,588,393</u>	<u>-</u>	<u>-</u>	<u>10,588,393</u>
Subtotal unassigned	<u>12,913,439</u>	<u>-</u>	<u>-</u>	<u>12,913,439</u>
Total fund balances	<u>\$ 15,627,067</u>	<u>\$ 60,339,972</u>	<u>\$ 17,827,667</u>	<u>\$ 93,794,706</u>

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- 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 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

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.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

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.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2019-2020 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	17.10% ⁽¹⁾
July 01, 2020	8.25%	10.85%	16.15% ⁽¹⁾
July 01, 2021	8.25%	(2)	(2)
July 01, 2022 to			
June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$5,493,192 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽²⁾
July 01, 2020	2.017%	5.811% ⁽³⁾	2.50%	10.328% ⁽²⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	(5)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.

(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 52,504,000
State's proportionate share of the net pension liability associated with the District	<u>28,645,000</u>
Total	<u>\$ 81,149,000</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District's proportion was 0.058 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2018.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$11,839,462 and revenue of \$4,822,600 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 133,000	\$ 1,480,000
Changes of assumptions	6,641,000	-
Net differences between projected and actual earnings on investments	-	2,022,000
Changes in proportion and differences between District's contributions and proportionate share of contributions	1,753,000	283,000
Contributions made subsequent to measurement date	<u>5,493,192</u>	<u>-</u>
Total	<u>\$ 14,020,192</u>	<u>\$ 3,785,000</u>

\$5,493,192 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 1,580,400
2022	\$ 177,400
2023	\$ 1,347,400
2024	\$ 1,848,400
2025	\$ (11,100)
2026	\$ (200,500)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB
Not applicable for DBS/CBB	

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (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 increase 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 STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine 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	\$ 78,183,000	\$ 52,504,000	\$ 31,211,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>

Benefits Provided: The benefits for the defined benefit plans 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 (10 years for State Second Tier members) of credited service.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020, were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers - The employer contribution rate was 18.06 percent of applicable member earnings.

The District contributed \$1,917,766 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$19,776,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2019, the District’s proportion was 0.068 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$4,436,813. At June 30, 2020, 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>
Difference between expected and actual experience	\$ 1,436,000	\$ -
Changes of assumptions	941,000	-
Net differences between projected and actual earnings on investments	-	183,000
Changes in proportion and differences between District contributions and proportionate share of contributions	100,000	328,000
Contributions made subsequent to measurement date	1,917,766	-
Total	<u>\$ 4,394,766</u>	<u>\$ 511,000</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

\$1,917,766 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2021	\$	1,665,667
2022	\$	174,667
2023	\$	73,667
2024	\$	52,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2018
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years (1-10)⁽¹⁾</u>	<u>Expected Real Rate of Return Years 11+⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period.

(2) An expected inflation rate of 2.92% used for this period.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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 Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. 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 Plan's 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. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	\$ 28,505,000	\$ 19,776,000	\$ 12,534,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District established an Other Postemployment Benefits Plan which is a single-employer defined benefit healthcare plan. The District participates in the California Employer’s Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained @www.calpers.ca.gov. CERBT serves as an irrevocable trust, to ensure that funds contributed into the Trust are dedicated to service the needs of member districts, and their employees and retirees.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District’s OPEB plan.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	Number of <u>Participants</u>
Inactive employees receiving benefits	18
Inactive employees entitled to but not receiving benefits	-
Participating active employees	<u>581</u>
	<u>599</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided: The District pays the full cost of health care benefits to age 65 for employees who retired prior to June 30, 1990 and had reached age 60. The full cost of benefits is limited to the amount the District was paying as of June 30, 1990. After age 65, the District continues to pay 50% of the current certificate cap and the retiree pays the remainder. As of June 30, 2020, there were 14 retirees receiving benefits under this agreement.

The District's certificated retirees who had at least fifteen years of service and had reached a minimum age of 55 and retire after July 1, 2001 receive up to \$6,455 per year in health care benefits for a maximum of 10 years or until age 65, whichever comes first. As of June 30, 2020, there were 9 retired employees receiving benefits under this agreement.

The District pays up to \$2,775 per year in healthcare benefits for classified employees who had at least fifteen years of service and had reached age 55 and retired after July 1, 2003. These benefits cease after a maximum of five years or at age 65, whichever comes first. As of June 30, 2020, there were 3 retired employees receiving benefits under this agreement.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$170,861 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return*
US Large Cap	43%	7.675%
US Small Cap	23%	7.675%
Long-Term Corporate Bonds	12%	5.175%
Long-Term Government Bonds	6%	4.380%
Treasury Inflation Protected Securities (TIPS)	5%	7.675%
US Real Estate	8%	7.675%
All Commodities	3%	7.675%

* Geometric average

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rolling periods of time for all asset classes were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Actuarial Assumptions: The net OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2019
<u>Measurement Date</u>	June 30, 2019
<u>Fiscal Year End</u>	June 30
<u>Actuarial Value of Assets</u>	Market Value
<u>Mortality Rate</u>	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2010 experience study.
<u>Discount Rate as of June 30, 2019</u>	3.8% Based on the long-term expected rate of return.
<u>Assumed Investment Return</u>	3.8%
<u>Retirement Rate</u>	Retirement rates match rates developed in the most Recent experience studies for California PERS (2014) and California STRS (2010)
<u>Inflation Rate</u>	2.75% per year
<u>Dependent Coverage</u>	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).
<u>Health Trend Rate</u>	4%
<u>Salary Increases</u>	2.75%
<u>Termination Rate</u>	Termination rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010).
<u>Funding Method</u>	Entry Age Cost Method (Level Percentage of Pay).

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ 9,787,517	\$ 4,436,395	\$ 5,351,122
Changes for the year:			
Service cost	628,374	-	628,374
Interest	419,364	-	419,364
Expected investment income	-	186,309	(186,309)
Administrative expense	-	(950)	950
Employer contributions	-	170,861	(170,861)
Expected minus actual benefit payments	(62,856)	-	(62,856)
Experience gains/losses	881,913	-	881,913
Changes in assumptions	335,636	-	335,636
Investments gains/losses	-	87,416	(87,416)
Benefit payments	(170,861)	(170,861)	-
Net change	2,031,570	272,775	1,758,795
Balance at June 30, 2020	\$ 11,819,087	\$ 4,709,170	\$ 7,109,917

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2020: 40%

There were no changes between the measurement date and the year ended June 30, 2020 which had a significant effect on the District's total OPEB liability. The change in assumed rate of return from 4.2% to 3.8% resulted in an increase to the liability of \$335,636.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB Liability of the District, as well as what the District's net 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 (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Net OPEB liability	\$ 7,995,141	\$ 7,109,917	\$ 6,282,295

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3%)	Healthcare Cost Trend Rates Rate (4%)	1% Increase (5%)
Net OPEB liability	\$ 6,571,260	\$ 7,109,917	\$ 7,500,635

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,047,898. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 759,271	\$ -
Changes of assumptions	2,047,368	-
Net differences between projected and actual earnings on investments	-	162,806
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	205,101	-
Total	\$ 3,011,740	\$ 162,806

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$205,101 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>		
2021	\$	185,519
2022	\$	185,519
2023	\$	185,519
2024	\$	216,481
2025	\$	233,961
Thereafter	\$	1,636,834

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 13.6 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

NOTE 10 - JOINT POWERS AGREEMENT

Schools Insurance Group: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program for property and liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information for SIG at June 30, 2019 (most recent):

Total assets	\$ 104,966,647
Deferred outflows of resources	\$ 302,925
Total liabilities	\$ 38,704,856
Deferred inflows of resources	\$ 68,338
Total net position	\$ 66,496,378
Total revenues	\$ 92,255,000
Total expenditures	\$ 91,961,717
Change in net position	\$ 293,283

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not component unit of the District for financial reporting purposes.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

Construction Commitments: As of June 30, 2020, the District has \$50.7 million in outstanding commitments on construction contracts. The District will meet these commitments through State funding, a bridge financing, and the issuance of Community Facilities District Bonds.

NOTE 12 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 24,458,691	\$ 24,989,217	\$ 24,539,035	\$ (450,182)
Local sources	<u>39,965,434</u>	<u>40,364,819</u>	<u>40,862,832</u>	<u>498,013</u>
Total LCFF	<u>64,424,125</u>	<u>65,354,036</u>	<u>65,401,867</u>	<u>47,831</u>
Federal sources	2,326,564	3,021,142	2,498,752	(522,390)
Other state sources	5,715,545	6,616,506	7,677,640	1,061,134
Other local sources	<u>4,109,767</u>	<u>5,068,727</u>	<u>5,101,096</u>	<u>32,369</u>
Total revenues	<u>76,576,001</u>	<u>80,060,411</u>	<u>80,679,355</u>	<u>618,944</u>
Expenditures:				
Current:				
Certificated salaries	33,508,295	33,180,851	33,105,100	75,751
Classified salaries	9,740,953	9,767,661	9,782,633	(14,972)
Employee benefits	19,822,996	19,711,158	20,695,138	(983,980)
Books and supplies	3,775,216	5,995,739	3,062,656	2,933,083
Contract services and operating expenditures	7,416,835	8,312,120	7,707,930	604,190
Other outgo	2,041,415	1,895,572	1,845,582	49,990
Capital outlay	37,547	829,085	835,705	(6,620)
Debt service:				
Principal retirement	<u>205,075</u>	<u>205,075</u>	<u>205,179</u>	<u>(104)</u>
Total expenditures	<u>76,548,332</u>	<u>79,897,261</u>	<u>77,239,923</u>	<u>2,657,442</u>
Deficiency of revenues under expenditures	<u>27,669</u>	<u>163,150</u>	<u>3,439,432</u>	<u>3,276,386</u>
Other financing sources (uses):				
Transfers in	3,782	37,668	239,199	201,531
Transfers out	<u>(138,755)</u>	<u>(313,360)</u>	<u>(78,358)</u>	<u>235,002</u>
Total other financing sources (uses)	<u>(134,973)</u>	<u>(275,692)</u>	<u>160,841</u>	<u>436,533</u>
Change in fund balance	(107,304)	(112,542)	3,600,273	3,712,919
Fund balance, July 1, 2019	<u>12,026,794</u>	<u>12,026,794</u>	<u>12,026,794</u>	<u>-</u>
Fund balance, June 30, 2020	<u>\$ 11,919,490</u>	<u>\$ 11,914,252</u>	<u>\$ 15,627,067</u>	<u>\$ 3,712,919</u>

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
For the Year Ended June 30, 2020

	Last 10 Fiscal Years		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 595,188	\$ 611,556	\$ 628,374
Interest	445,026	304,091	419,364
Changes in assumptions	-	2,035,583	335,636
Experience gains/losses	-	-	881,913
Benefit payments	<u>(151,318)</u>	<u>(196,373)</u>	<u>(233,717)</u>
Net change in total OPEB liability	888,896	2,754,857	2,031,570
Total OPEB liability, beginning of year	<u>6,143,764</u>	<u>7,032,660</u>	<u>9,787,517</u>
Total OPEB liability, end of year (a)	<u>\$ 7,032,660</u>	<u>\$ 9,787,517</u>	<u>\$ 11,819,087</u>
Plan fiduciary net position			
Employer contributions	\$ 151,318	\$ 196,373	\$ 170,861
Employee contributions	-	-	-
Investment gains/losses	-	154,790	87,416
Net investment income	393,328	172,733	186,309
Administrative expense	(1,996)	(7,637)	(950)
Benefits payment	<u>(151,318)</u>	<u>(196,373)</u>	<u>(170,861)</u>
Change in plan fiduciary net position	391,332	319,886	272,775
Fiduciary trust net position, beginning of year	<u>3,725,177</u>	<u>4,116,509</u>	<u>4,436,395</u>
Fiduciary trust net position, end of year (b)	<u>\$ 4,116,509</u>	<u>\$ 4,436,395</u>	<u>\$ 4,709,170</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 2,916,151</u>	<u>\$ 5,351,122</u>	<u>\$ 7,109,917</u>
Covered payroll	\$ 38,720,231	\$ 39,795,256	\$ 42,124,259
Plan fiduciary net position as a percentage of the total OPEB liability	59%	45%	40%
Net OPEB liability as a percentage of covered payroll	8%	13%	17%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

	State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2020</u>
District's proportion of the net pension liability	0.055%	0.056%	0.057%	0.057%	0.058%
District's proportionate share of the pension liability	\$ 32,101,000	\$ 37,482,000	\$ 45,850,000	\$ 52,519,000	\$ 52,504,000
State's proportionate share of the net pension liability associated with the District	<u>19,384,000</u>	<u>19,824,000</u>	<u>26,104,000</u>	<u>31,070,000</u>	<u>28,645,000</u>
Total net pension liability	<u>\$ 51,485,000</u>	<u>\$ 57,306,000</u>	<u>\$ 71,954,000</u>	<u>\$ 83,589,000</u>	<u>\$ 81,149,000</u>
District's covered payroll	\$ 24,468,000	\$ 25,841,000	\$ 28,252,000	\$ 30,309,000	\$ 31,461,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	173.28%	166.89%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	72.56%

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

All years prior to 2015 are not available.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension	0.063%	0.065%	0.068%	0.069%	0.070%	0.068%
District's proportionate share of the net pension liability	\$ 7,110,000	\$ 9,545,000	\$ 13,361,000	\$ 16,589,000	\$ 18,622,000	\$ 19,776,000
District's covered payroll	\$ 6,575,000	\$ 7,169,000	\$ 8,116,000	\$ 8,855,000	\$ 9,219,000	\$ 9,405,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	187.34%	202.00%	210.27%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 2,294,702	\$ 3,031,452	\$ 3,812,851	\$ 4,465,253	\$ 5,121,861	\$ 5,493,192
Contributions in relation to the contractually required contribution	<u>(2,294,702)</u>	<u>(3,031,452)</u>	<u>(3,812,851)</u>	<u>(4,465,253)</u>	<u>(5,121,861)</u>	<u>(5,493,192)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,841,000	\$ 28,252,000	\$ 30,309,000	\$ 30,944,000	\$ 31,461,000	\$ 32,124,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2020

	Public Employer's Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 843,887	\$ 961,530	\$ 1,229,817	\$ 1,431,741	\$ 1,698,812	\$ 1,917,766
Contributions in relation to the contractually required contribution	<u>(843,887)</u>	<u>(961,530)</u>	<u>(1,229,817)</u>	<u>(1,431,741)</u>	<u>(1,698,812)</u>	<u>(1,917,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,169,000	\$ 8,116,000	\$ 8,855,000	\$ 9,219,000	\$ 9,405,000	\$ 9,724,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Net OPEB Liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for OPEB was 7.0%, 4.2% and 3.8% in the June 30, 2017, June 30, 2018 and June 30, 2019 actuarial reports, respectively. The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>			
	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
ASSETS									
Cash in County Treasury	\$ (31,000)	\$ 19,982	\$ (590,325)	\$ 590,738	\$ 3,100,142	\$ 50,046	\$ 8,370,996	\$ 5,524,957	\$ 17,035,536
Cash with fiscal agent	-	-	-	-	-	-	21,373	-	21,373
Collections awaiting deposit	5,658	-	367,372	29,956	-	-	90,975	-	493,961
Accounts receivable	17,672	16	126,916	487	2,577	41	6,908	5,812	160,429
Stores inventory	-	-	11,705	-	-	-	-	-	11,705
Due from other funds	34,337	-	111,047	-	1,538	-	250,000	-	396,922
All other current assets	-	-	1,342	-	-	-	-	-	1,342
Total assets	\$ 26,667	\$ 19,998	\$ 28,057	\$ 621,181	\$ 3,104,257	\$ 50,087	\$ 8,740,252	\$ 5,530,769	\$ 18,121,268
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 21	\$ 8,812	\$ 13,838	\$ 12,792	\$ -	\$ -	\$ 4,400	\$ -	\$ 39,863
Due to other funds	3,738	-	-	250,000	-	-	-	-	253,738
Total liabilities	3,759	8,812	13,838	262,792	-	-	4,400	-	293,601
Fund balances:									
Nonspendable	-	-	11,705	-	-	-	-	-	11,705
Restricted	22,908	11,186	2,514	358,389	3,104,257	50,087	8,735,852	5,530,769	17,815,962
Total fund balance	22,908	11,186	14,219	358,389	3,104,257	50,087	8,735,852	5,530,769	17,827,667
Total liabilities and fund balances	\$ 26,667	\$ 19,998	\$ 28,057	\$ 621,181	\$ 3,104,257	\$ 50,087	\$ 8,740,252	\$ 5,530,769	\$ 18,121,268

WESTERN PLACER UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund	Mello Roos Fund	Bond Interest Redemption Fund	Total
Revenues:									
Federal sources	\$ 37,950	\$ -	\$ 1,219,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,257,722
Other state sources	-	-	89,645	-	3,000,000	-	-	-	3,089,645
Other local sources	(414)	332	595,637	692,735	31,963	1,172	10,015,105	5,530,442	16,866,972
Total revenues	37,536	332	1,905,054	692,735	3,031,963	1,172	10,015,105	5,530,442	21,214,339
Expenditures:									
Current:									
Classified salaries	41,846	-	767,580	94,096	-	-	-	-	903,522
Employee benefits	25,011	-	373,931	38,143	-	-	-	-	437,085
Books and supplies	165	-	699,986	3,310	-	-	-	-	703,461
Services and other operating expenditures	94	-	50,904	161,710	11,090	-	313,701	-	537,499
Capital outlay	-	-	49,420	-	-	-	-	-	49,420
Debt service:									
Principal retirement	-	-	-	-	-	-	2,133,899	3,095,000	5,228,899
Interest	-	-	-	-	-	-	5,515,921	4,840,450	10,356,371
Total expenditures	67,116	-	1,941,821	297,259	11,090	-	7,963,521	7,935,450	18,216,257
Excess (deficiency) of revenues over (under) expenditures	(29,580)	332	(36,767)	395,476	3,020,873	1,172	2,051,584	(2,405,008)	2,998,082
Other financing sources (uses):									
Transfers in	33,318	-	45,040	-	-	-	250,000	-	328,358
Transfers out	(3,738)	-	-	(250,000)	-	(33,885)	-	(201,576)	(489,199)
Proceeds from issuance of refunding debt	-	-	-	-	-	-	8,285,000	-	8,285,000
Discount on issuance of debt	-	-	-	-	-	-	(45,961)	-	(45,961)
Deposit to refunding escrow	-	-	-	-	-	-	(7,445,000)	-	(7,445,000)
Total other financing sources (uses)	29,580	-	45,040	(250,000)	-	(33,885)	1,044,039	(201,576)	633,198
Net change in fund balances	-	332	8,273	145,476	3,020,873	(32,713)	3,095,623	(2,606,584)	3,631,280
Fund balance, July 1, 2019	22,908	10,854	5,946	212,913	83,384	82,800	5,640,229	8,137,353	14,196,387
Fund balance, June 30, 2020	22,908	11,186	14,219	358,389	3,104,257	50,087	8,735,852	5,530,769	17,827,667

WESTERN PLACER UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2020

Western Placer Unified School District, a political subdivision of the State of California, was established in 1966 and is comprised of an area of approximately 170 square miles located in Placer County. There were no changes in the boundaries of the District during the year. The District currently operates seven elementary schools, two middle schools, one comprehensive high school, one continuation high school and one independent study academy.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Paul Long	President	November 2022
Brian Haley	Vice President	November 2020
Paul Carras	Clerk	November 2022
Damian Armitage	Member	November 2022
Kris Wyatt	Member	November 2020

ADMINISTRATION

Scott Leaman
Superintendent

Kerry Callahan
Deputy Superintendent, Educational Services

Audrey Kilpatrick
Assistant Superintendent, Business and Operations

Gabe Simon
Assistant Superintendent of Personnel Services

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2020

	Second Period <u>Report</u>	Annual <u>Report</u>
Certificate #:	1827F128	C2E28ED0
Elementary:		
Transitional Kindergarten through Third	2,153	2,153
Fourth through Sixth	1,561	1,561
Seventh through Eighth	1,106	1,106
Special Education	<u>15</u>	<u>15</u>
Total Elementary	<u>4,835</u>	<u>4,835</u>
Secondary:		
Ninth through Twelfth	2,020	2,020
Continuation Education	69	69
Special Education	<u>23</u>	<u>23</u>
Total Secondary	<u>2,112</u>	<u>2,112</u>
ADA Totals	<u><u>6,947</u></u>	<u><u>6,947</u></u>

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2020

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2019-2020 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	53,880	180	In Compliance
Grade 2	50,400	53,880	180	In Compliance
Grade 3	50,400	53,905	180	In Compliance
Grade 4	54,000	54,755	180	In Compliance
Grade 5	54,000	54,755	180	In Compliance
Grade 6	54,000	60,556	180	In Compliance
Grade 7	54,000	60,556	180	In Compliance
Grade 8	54,000	60,564	180	In Compliance
Grade 9	64,800	65,010	180	In Compliance
Grade 10	64,800	65,010	180	In Compliance
Grade 11	64,800	65,010	180	In Compliance
Grade 12	64,800	65,010	180	In Compliance

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	\$ 1,249,806
84.173	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	101,553
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec. 619	13430	<u>36,002</u>
	Subtotal Special Education Cluster		<u>1,387,361</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	605,095
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	<u>107,634</u>
	Subtotal ESEA: Title I		712,729
	ESEA Title III:		
84.365	ESEA: Title III, English Learner Student Program	14346	43,319
84.365	ESEA: Title III, Immigrant Education Program	15146	<u>6,638</u>
	Subtotal ESEA: Title III		<u>49,957</u>
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	183,161
84.424	ESEA: Title IV, Part A, Student Support	15396	24,449
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	35,500
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	<u>37,950</u>
	Total U.S. Department of Education		<u>2,431,107</u>

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
	Child Nutrition Cluster:		
10.553	Especially Needy School Breakfast	13526	42,797
10.553	Child Nutrition: School Programs	13523	<u>1,170,598</u>
	Subtotal Child Nutrition Cluster		<u>1,213,395</u>
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13665	<u>3,862</u>
	Total U.S. Department of Agriculture		<u>1,217,257</u>
<u>U.S. Department of Health and Human Services - Passed through California</u>			
<u>Department of Education</u>			
	Medicaid Cluster:		
93.778	Department of Health Care Services (DHCS): Medi-Cal Billing Option - Medicaid Cluster	10013	\$ 83,855
93.778	Unrestricted: Medi-Cal Administrative Activities (MAA)	10060	<u>6,375</u>
	Subtotal Medicaid Cluster		<u>90,230</u>
	Total Federal Awards		<u>\$ 3,738,594</u>

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2020
(UNAUDITED)

	(Adopted Budget) <u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 74,986,026	\$ 80,918,554	\$ 80,293,500	\$ 70,315,584
Expenditures	79,272,765	77,239,923	77,071,868	72,135,079
Other uses and transfers out	<u>345,360</u>	<u>78,358</u>	<u>57,840</u>	<u>23,719</u>
Total outgo	<u>79,618,125</u>	<u>77,318,281</u>	<u>77,129,708</u>	<u>72,158,798</u>
Change in fund balance	\$ (4,632,099)	\$ 3,600,273	\$ 3,163,792	\$ (1,843,214)
Ending fund balance	\$ 10,994,968	\$ 15,627,067	\$ 12,026,794	\$ 8,863,002
Available reserves	\$ 8,103,525	\$ 12,913,439	\$ 9,496,222	\$ 7,525,900
Designated for economic uncertainties	\$ 2,388,371	\$ 2,325,046	\$ 2,313,776	\$ 2,168,961
Undesignated fund balance	\$ 5,715,154	\$ 10,588,393	\$ 7,182,446	\$ 5,356,939
Available reserves as percentages of total outgo	<u>10.18%</u>	<u>16.70%</u>	<u>12.31%</u>	<u>10.43%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ 409,898,147	\$ 415,630,474	\$ 345,781,187	\$ 297,613,723
Average daily attendance at P-2	<u>6,947</u>	<u>6,947</u>	<u>6,779</u>	<u>6,667</u>

The General Fund fund balance has increased by \$4,920,851 over the past three years. The fiscal year 2020-2021 budget projects a decrease of \$4,632,099. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2020, the District met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating deficit in fiscal year 2021.

Total long-term liabilities have increased by \$118,016,751 over the past two years.

Average daily attendance has increased by 280 over the past two years. No change of ADA is projected for the 2020-2021 fiscal year.

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2020

Charter Schools Chartered by District

0015 - Horizon Charter School
1715 - John Adams Academy

Included in District
Financial Statements, or
Separate Report

Separate report
Separate report

See accompanying notes to supplementary information.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance 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.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206. The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on July 1, 2020.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Western Placer Unified School District, and is presented on the 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)*. Expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 3,756,474
Less: Medi-Cal Billing unspent funds	93.778	(15,366)
Child Nutrition: Child Care Food Program (CCFP)	10.558	<u>(2,514)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 3,738,594</u>

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2020-2021 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2020, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance with State Laws and Regulations

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2020.

<u>Description</u>	<u>Procedures Performed</u>
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Charter Schools – Attendance	

(Continued)

<u>Description</u>	<u>Procedures Performed</u>
Charter Schools - Mode of Instruction	No, see below
Charter Schools – Nonclassroom-Based Instruction/Independent Study	No, see below
Charter Schools – Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter Schools – Annual Instructional Minutes, Classroom-Based	No, see below
Charter Schools – Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because the ADA was under the level which required testing.

We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform procedures related to Juvenile Court Schools because the District does not offer Juvenile Court Schools.

We did not perform procedures related to Middle or Early College High Schools because the District does not offer Middle or Early College High Schools.

The District does not operate an Apprenticeship Program; therefore, we did not perform any testing of this program.

The District did not elect to operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

We did not perform procedures related to California Clean Energy Jobs Act because the District did not spend any California Clean Energy Jobs Act funds in the current fiscal year.

We did not perform procedures related to After/Before School Education and Safety Program - Before School because the District does not offer a before school program.

We did not perform procedures related to the Independent Study-Course Based Program, as the District does not operate an Independent Study-Course Based Program.

We did not perform procedures for the charter school section because the charter schools sponsored by the District have separate reports.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Western Placer Unified School District's compliance with state laws and regulations, as listed above of based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Western Placer Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Western Placer Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Western Placer Unified School District's compliance.

Opinion with State Laws and Regulations

In our opinion, Western Placer Unified School District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Western Placer Unified School District
Lincoln, 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 Western Placer Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Western Placer Unified School District's financial statements, and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Placer 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 over financial reporting 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.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on Compliance for Each Major Federal Program

We have audited Western Placer Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Western Placer Unified School District's major federal program for the year ended June 30, 2020. Western Placer Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Western Placer Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Placer Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Western Placer Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Western Placer 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 its major federal program for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of Western Placer Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Western Placer Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Placer Unified School District's internal control over compliance.

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

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

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


Crowe LLP

Sacramento, California
January 6, 2021

FINDINGS AND RECOMMENDATIONS

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> None reported	

Noncompliance material to financial statements noted? _____ Yes _____ X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> None reported	

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X No

Identification of major programs:

<u>CFDA Number(s)</u> 84.027, 84.173	<u>Name of Federal Program or Cluster</u> Special Education Cluster
---	--

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Unmodified

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

WESTERN PLACER UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2020

No matters were reported.

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Receipt of the 2019-20 Measure A and Measure N
General Obligation Bonds Audited Financial Statements
And Performance Audits

AGENDA ITEM AREA:

Discussion

REQUESTED BY:

Audrey Kilpatrick, Asst. Supt. Business & Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act, amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

California law requires districts that have passed a general obligation bond under Proposition 39 to complete, on an annual basis, an independent financial audit and a performance audit. Beginning January 1, 2011, Senate Bill 1473 amended the Education Code by adding Section 15286 which requires that the financial and performance audits of the Proposition 39 bond funds are conducted in accordance with the Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States for financial and performance audits.

GAGAS defines performance audits as "objective analysis for management and those charged with governance and oversight to use to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability". Further performance audits, unlike financial audits, assess the effectiveness, economy and efficiency of the bond program.

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

Additionally, as required by Proposition 39, both the financial and performance audits for the 2019-20 fiscal year be submitted to the Bond Oversight Committee by March 31, 2021.

The audit firm of Crowe LLP will be present at the Board meeting to present highlights of the Measure A and Measure N General Obligation Bonds Audited Financial Statements and Performance Audits.

RECOMMENDATION:

Administration recommends the Board of Trustees receive the 2019-20 Measure A and Measure N General Obligation Bonds Audited Financial Statements and Performance Audits.

WESTERN PLACER UNIFIED SCHOOL DISTRICT

**MEASURE A GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT
Lincoln, California

MEASURE A GENERAL OBLIGATION BONDS
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on the Financial Statements

We have audited the accompanying financial statements of Western Placer Unified School District (the "District") Measure A General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Placer Unified School District (the "District") Measure A General Obligation Bonds activity as of June 30, 2020, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present the financial activity and balances of the Measure A General Obligation Bonds activity only, and do not purport to, and do not, present fairly the financial position of Western Placer Unified School District, as of June 30, 2020 or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021 on our consideration of the 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 for Measure A General Obligation Bonds activity. The purpose of that report is 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 District's internal control over financial reporting or on compliance for Measure A General Obligation Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Measure A General Obligation Bonds activity.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2020

ASSETS

Cash in County Treasury (Note 2)	\$ <u>4,156,618</u>
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LIABILITIES AND FUND BALANCE

Accounts payable	\$ 3,320,476
Due to other funds	<u>189,474</u>

Total liabilities	3,509,950
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Fund balance -- restricted (Note 3)	<u>646,668</u>
-------------------------------------	----------------

Total liabilities and fund balance	<u>\$ 4,156,618</u>
------------------------------------	---------------------

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
For the Year Ended June 30, 2020

Revenues:	
Interest income	\$ 189,474
Expenditures:	
Current:	
Classified salaries	109,878
Employee benefits	48,640
Books and supplies	108,379
Contract services and operating expenditures	219,197
Capital outlay	<u>39,541,705</u>
Total expenditures	<u>40,027,799</u>
Deficiency of revenues under expenditures	(39,838,325)
Other financing sources (uses):	
Transfers in	14,764,001
Transfers out	<u>(189,474)</u>
Total other financing sources (uses)	14,574,527
Change in fund balance	(25,263,798)
Fund balance, July 1, 2019	<u>25,910,466</u>
Fund balance, June 30, 2020	<u><u>\$ 646,668</u></u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Western Placer Unified School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure A Bonds are recorded along with other activities in the District's Building Fund. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure A General Obligation Bonds activity, only. The activities of the Measure A General Obligation Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position and results of operations of Western Placer Unified School District as a whole.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The basic financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District's Board of Trustees and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Placer County Treasury are considered cash equivalents.

Accounting Estimates: The presentation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

NOTE 2 – CASH AND INVESTMENTS

Cash at June 30, 2020 consisted of the following:

Cash in County Treasury	<u>\$ 4,156,618</u>
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Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest-bearing Placer County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

NOTE 3 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure A General Obligation Bonds is restricted, as described below.

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. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure A General Obligation Bonds.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 – INTERFUND ACTIVITIES

Interfund Activity: Interfund activity is reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as reimbursement. All other interfund transfers are treated as transfers.

Interfund Receivables/Payables: Measure A interfund payable balance at June 30, 2020 was as follows:

Payable due from the Measure A General Obligations Bond Fund to the District's Building Fund	\$ 189,474
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Transfers: Transfers for the 2019-20 fiscal year were as follows:

Transfer from the District's Building Fund to the Measure A General Obligations Bond Fund to provide bridge financing for construction costs.	\$ 14,764,001
Transfer from the Measure A General Obligations Bond Fund to the District's Building Fund to transfer interest income earned.	\$ 189,474

NOTE 5 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of the proposition for Measure A by at least 55% of the registered voters voting on the proposition at an election held on November 4, 2014, Western Placer Unified School District was authorized to issue and sell bonds of up to \$60,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"The Project List includes the construction of a new high school and the modernization, upgrade and construction projects at Lincoln High School, including:

- Provide modern technology and computers to support 21st-century education*
- Provide classrooms and instructional facilities that prepare students for college and careers*
- Modernize, renovate or replace aging classrooms and other school facilities*
- Replace aging portables with new classrooms*
- Modernize classrooms and educational facilities to meet current safety codes*
- Provide modern fire-detection, alarms, and emergency communications systems and other upgrades to ensure safety*
- Provide seismic upgrades to classrooms and school facilities*
- Provide additional classrooms to accommodate growth in student enrollment*
- Upgrade, renovate, repair and construct, as needed, facilities supporting student services, including food services, administration and counseling buildings, and other school facilities*
- Improve energy and operational efficiency to reduce maintenance and operating costs*
- Improve parking lots, including the addition of covered parking*
- Repair or replace outdated heating, lighting, electrical or sewer systems"*

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Placer County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In June 2015, the District issued General Obligation Bonds, Series 2015A, totaling \$20,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through June 2041.

In May 2017, the District issued General Obligation Bonds, Series 2017B, totaling \$25,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through August 2047.

In November 2018, the District issued 2014 General Obligation Bonds, Series C, totaling \$15,000,000. The bonds bear interest at rates ranging from 3.375% - 5.00% and are scheduled to mature through August 2043.

NOTE 7 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various State and local ordinances, the District closed physical campuses and transitioned to a distance learning model.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Western Placer Unified School District
Lincoln, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of Western Placer Unified School District (the "District") Measure A General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2020, and related notes to the financial statements and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Placer Unified School District internal control over Measure A General Obligation Bond activity financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Placer Unified School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Western Placer 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Western Placer Unified School District Measure A General Obligation Bond activity included in the Building Fund of the District's financial statements are free from material misstatement, we performed tests of the District's 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

This purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2019

No matters were reported.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2019

No matters were reported.

WESTERN PLACER UNIFIED SCHOOL DISTRICT

**MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT

MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, California

We have conducted a performance audit of the Western Placer Unified School District (the "District") Measure A General Obligation Bond funds for the year ended June 30, 2020.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Western Placer Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Western Placer Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Western Placer Unified School District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe LLP

Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION BONDS

On November 4, 2014, the electorate of Western Placer Unified School District approved the \$60,000,000 million Measure A General Obligation Bonds, with greater than 55% of the votes in favor. The text of the ballot language was as follows:

"For the purpose of updating/replacing aging classrooms and support facilities, and instructional technology needed for improved teaching, replacing portable classrooms, repairing/replacing roofs, worn-out floors, electrical systems, seismic upgrades and improving energy efficiency to save money and support instruction within the District"

The District's Board of Trustees developed the following Bond Project List for Measure A:

As discussed above, the Project List includes the construction of a new high school and the modernization, upgrade and construction projects at Lincoln High School, including:

- Provide modern technology and computers to support 21st-century education
- Provide classrooms and instructional facilities that prepare students for college and careers
- Modernize, renovate or replace aging classrooms and other school facilities
- Replace aging portables with new classrooms
- Modernize classrooms and educational facilities to meet current safety codes
- Provide modern fire-detection, alarms, and emergency communications systems and other upgrades ensure safety
- Provide seismic upgrades to classrooms and school facilities
- Provide additional classrooms to accommodate growth in student enrollment
- Upgrade, renovate, repair and construct, as needed, facilities supporting student services, including food services, administration and counseling buildings, and other school facilities
- Improve energy and operational efficiency to reduce maintenance and operating costs
- Improve parking lots, including the addition of covered parking
- Repair or replace outdated heating, lighting, electrical or sewer systems

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION BONDS
(Continued)

In June 2015, the District issued General Obligation Bonds, Series 2015A, totaling \$20,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through June 2041.

In May 2017, the District issued General Obligation Bonds, Series 2017B, totaling \$25,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through August 2047.

In November 2018, the District issued 2014 General Obligation Bonds, Series C, totaling \$15,000,000. The bonds bear interest at rates ranging from 3.375% - 5.00% and are scheduled to mature through August 2043.

The financial activity related to the Measure A General Obligation Bonds is recorded within the District's Financial Activity Report for Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2020.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
For the Fiscal Year Ended June 30, 2020

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure A project expenditures (the "List") for the period from July 1, 2019 through and including June 30, 2020. A total of 214 expenditures representing \$40,027,799 and 1 transfer of \$189,474 from July 1, 2019 to June 30, 2020, were identified.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2020:

- Verified the mathematical accuracy of the expenditures List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure A General Obligation Bonds financial statements for the year ended June 30, 2020.
- Selected a sample of 22 expenditures totaling \$35,095,824 and 1 transfer of \$189,474. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 88% of the total expenditure value and 100% of the total transfers. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects list. Verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, Western Placer Unified School District expended Measure A General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

WESTERN PLACER UNIFIED SCHOOL DISTRICT

**MEASURE N GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT
Lincoln, California
MEASURE N GENERAL OBLIGATION BONDS
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, California

Report on the Financial Statements

We have audited the accompanying financial statements of Western Placer Unified School District (the "District") Measure N General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Placer Unified School District (the "District") Measure N General Obligation Bonds activity as of June 30, 2020, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present the financial activity and balances of the Measure N General Obligation Bonds activity only, and do not purport to, and do not, present fairly the financial position of Western Placer Unified School District, as of June 30, 2020 or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the 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 for Measure N General Obligation Bonds activity. The purpose of that report is 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 District's internal control over financial reporting or on compliance for Measure N General Obligation Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Measure N General Obligation Bonds activity.


Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2020

ASSETS

Cash in County Treasury (Note 2)	<u>\$ 5,690,853</u>
----------------------------------	---------------------

LIABILITIES AND FUND BALANCE

Accounts payable set up	\$ 1,387,461
Due to other funds	<u>3,608,304</u>

Total liabilities	4,995,765
-------------------	-----------

Fund balance – restricted (Note 3)	<u>695,088</u>
------------------------------------	----------------

Total liabilities and fund balance	<u>\$ 5,690,853</u>
------------------------------------	---------------------

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
For the Year Ended June 30, 2020

Revenues:	
Interest	\$ <u>351,390</u>
Expenditures:	
Current:	
Classified salaries	161,773
Employee benefits	71,294
Books and supplies	1,050,196
Contract services and operating expenditures	310,454
Capital outlay	<u>34,007,145</u>
Total expenditures	<u>35,600,862</u>
Deficiency of revenues under expenditures	(35,249,472)
Other financing sources (uses):	
Transfers in	1,634,319
Transfers out	<u>(340,390)</u>
Total other financing sources (uses)	1,293,929
Change in fund balance	(33,955,543)
Fund balance, July 1, 2019	<u>34,650,631</u>
Fund balance, June 30, 2020	<u><u>\$ 695,088</u></u>

See accompanying notes to financial statements.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Western Placer Unified School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure N Bonds are recorded along with other activities in the District's Building Fund. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure N General Obligation Bonds activity, only. The activities of the Measure N General Obligation Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position and results of operations of Western Placer Unified School District as a whole.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The basic financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District's Board of Trustees and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Placer County Treasury are considered cash equivalents.

Accounting Estimates: The presentation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

NOTE 2 – CASH AND INVESTMENTS

Cash at June 30, 2020 consisted of the following:

Cash in County Treasury	\$ 5,690,853
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Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest-bearing Placer County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

NOTE 3 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure N General Obligation Bonds is restricted, as described below.

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. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure N General Obligation Bonds.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 – INTERFUND ACTIVITIES

Interfund Activity: Interfund activity is reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as reimbursement. All other interfund transfers are treated as transfers.

Interfund Receivables/Payables: Measure N interfund payable balance at June 30, 2020 was as follows:

Payable due from the Measure N General Obligations Bond Fund to the District's Building Fund	\$ 3,608,304
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Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2019-20 fiscal year were as follows:

Transfer from the District's Building Fund to the Measure N General Obligations Bond Fund to provide bridge financing for construction costs.	\$ 1,634,319
Transfer from the Measure N General Obligations Bond Fund to the District's Building Fund to transfer interest income earned.	\$ 340,390

NOTE 5 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of the proposition for Measure N by at least 55% of the registered voters voting on the proposition at an election held on November 8, 2016, Western Placer Unified School District was authorized to issue and sell bonds of up to \$60,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"Will be able to improve school safety, including fire and seismic safety; emergency and security systems; will also:

- *Provide modern technology and computers to support 21st-century education*
- *Upgrade science labs and technology for improved 21st Century learning at Glen Edwards Middle School*
- *Modernize classrooms/ facilities to support instruction in core subjects like math, science, reading and writing at Glen Edwards Middle School*
- *Repair/ replace leaky roofs, floors, plumbing, lighting, electrical, HVAC and water systems at Glen Edwards Middle School*
- *Renovate Glen Edwards Middle School and replace aging portables with new classrooms at Glen Edwards Middle School*
- *Improve energy efficiency and reinvest the savings into instructions*
- *Relieve overcrowding by constructing a new elementary school"*

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(Continued)

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Placer County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

On May 2017, the District issued 2016 General Obligation Bonds, Series 2017A, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through August 2047.

On November 2018, the District issued 2016 Series B General Obligation Bonds, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.50% - 5.00% and are scheduled to mature through August 2043.

NOTE 7 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various State and local ordinances, the District closed physical campuses and transitioned to a distance learning model.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Western Placer Unified School District
Lincoln, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of Western Placer Unified School District (the "District") Measure N General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2020, and related notes to the financial statements and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Placer Unified School District internal control over Measure N General Obligation Bond activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Placer Unified School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Western Placer 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Western Placer Unified School District Measure N General Obligation Bond activity included in the Building Fund of the District's financial statements are free from material misstatement, we performed tests of the District's 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*.

(Continued)

Purpose of this Report

This purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2020

No matters were reported.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2020

No matters were reported.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, California

We have conducted a performance audit of the Western Placer Unified School District (the "District") Measure N General Obligation Bond funds for the year ended June 30, 2020.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure N General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Western Placer Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Western Placer Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our procedures indicated that, in all significant respects, Western Placer Unified School District expended Measure N General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe LLP
Crowe LLP

Sacramento, California
January 6, 2021

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE N GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of Western Placer Unified School District approved the \$60,000,000 million Measure N General Obligation Bonds, with greater than 55% of the votes in favor. The text of the ballot language was as follows:

"Local Middle School Upgrade/ New Elementary School Construction Measure. To construct a new elementary school to prevent overcrowding and to upgrade/enhance/expand Glen Edwards Middle School by repairing classrooms, leaky roofs, ensuring safe drinking water, improving student safety, and updating and constructing science, math, computer labs, and a new gymnasium, shall Western Placer Unified School District issue \$60,000,000 in bonds, at legal rates, require independent audits, citizens' oversight, no money for administrators' salaries, with all funds used locally?"

The District's Board of Trustees developed the following Bond Project List for Measure N:

As discussed above, the Project List includes the construction of a new elementary school and the modernization, upgrade and construction projects at Glen Edwards Middle School, including:

- Provide modern technology and computers to support 21st-century education
- Upgrade science labs and technology for improved 21st Century learning at Glen Edwards Middle School
- Modernize classrooms/ facilities to support instruction in core subjects like math, science, reading and writing at Glen Edwards Middle School
- Repair/ replace leaky roofs, floors, plumbing, lighting, electrical, HVAC and water systems at Glen Edwards Middle School
- Renovate Glen Edwards Middle School and replace aging portables with new classrooms at Glen Edwards Middle School
- Improve energy efficiency and reinvest the savings into instructions
- Relieve overcrowding by constructing a new elementary school

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE N GENERAL OBLIGATION BONDS
(Continued)

On May 2017, the District issued 2016 General Obligation Bonds, Series 2017A, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through August 2047.

On November 2018, the District issued 2016 Series B General Obligation Bonds, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.50% - 5.00% and are scheduled to mature through August 2043.

The financial activity related to the Measure N General Obligation Bonds is recorded within the District's Financial Activity Report for Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2020.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE N GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
For the Fiscal Year Ended June 30, 2020

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure N General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure N project expenditures (the "List") for the period from July 1, 2019 through and including June 30, 2020. A total of 442 expenditures representing \$35,600,862 and 1 transfer representing \$340,390 from July 1, 2019 to June 30, 2020, were identified.

METHODOLOGY

We performed the following procedures to the List of Measure N General Obligation Bond project expenditures for the year ended June 30, 2020:

- Verified the mathematical accuracy of the expenditures List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure N General Obligation Bonds financial statements for the year ended June 30, 2020.
- Selected a sample of 37 expenditures totaling \$30,821,491 and 1 transfer totaling \$340,390. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 87% of the total expenditure value and 100% of the total transfers. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects list. Verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSIONS

The results of our tests indicated that, in all significant respects, Western Placer Unified School District expended Measure N General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Approve Resolution #20/21.20 – Authorizing WPUSD to
Execute Action of a Joint Exercise of Powers Agreement
Relating to the California Municipal Authority and Agreement

AGENDA ITEM AREA:

Action

REQUESTED BY:

Audrey Kilpatrick 
Assistant Superintendent - Business & Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

Yes

BACKGROUND:

The California Municipal Finance Authority (CMFA), a state-wide joint powers authority, has designed the Bond Opportunities for Land Development (BOLD) program to help municipalities and school districts work with developers to cost-effectively finance public infrastructure projects and school mitigation fees through bonds issued by a Community Facilities District (CFD). CMFA uses a pre-selected team of bond/CFD industry professionals to form, maintain and issue bonds for the CFD minimizing the amount of staff time and costs.

The District has several mitigation agreements with real estate developers to provide enhanced funding for the construction of school facilities in order to serve such development. Beazer Homes is planning to begin construction on 49 new homes and are obligated under the terms of an existing mitigation agreement within the boundaries of CFD No. 1. Under the terms of the mitigation agreement, the homebuilder can opt to pay its entire mitigation amount as a one-time payment. Beazer Homes has opted to utilize the one-time payment option and has requested to utilize the BOLD program to finance the mitigation amount. They feel that it is more cost effective than financing the fees through the District's CFD #1. If the District utilized the BOLD program for this homebuilder, CFD #1 will not appear on property owner tax bills.

The attached resolution allows the District to join CMFA and sign the agreement. There is no monetary obligation or potential legal liability for taking this action.

Some key points of the BOLD program, should the District chose to utilize the program, include:

- The creation and administration of the CFD is performed by CMFA, which includes the annual continuing disclosures.
- The annual special tax will appear as "CMFA CFD" on CFD property owner's annual tax bill.
- The debt is issued by CMFA and is secured solely by the special taxes paid by the taxpayers in the CFD.
- No fees or costs are charged to the District and compensation for staff and consultant's time is provided for.

The District will continue to be represented by its own legal counsel and financial advisor. The professional fees are being paid by Beazer Homes.

RECOMMENDATION:

Staff recommends the Board of Trustees adopted Resolution 20/21.20 to join CMFA and authorizes administration to sign the agreement with CMFA.

**RESOLUTION NO.
20/21.20**

**RESOLUTION APPROVING, AUTHORIZING, AND DIRECTING
EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), certain public agencies (the "Members") have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement") in order to form the California Municipal Finance Authority (the "Authority"), for the purpose of promoting economic, cultural and community development and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the Western Placer Unified School District (the "District"), has determined that it is in the public interest and for the public benefit that the District become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the District, including the financing of projects therefore by the Authority; and

WHEREAS, there is now before this District Governing Board the form of the Agreement; and

WHEREAS, the Agreement has been filed with the District, and the members of the District Governing Board, with the assistance of its staff, have reviewed said document;

**NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT GOVERNING BOARD OF
THE WESTERN PLACER UNIFIED SCHOOL DISTRICT AS FOLLOWS:**

Section 1. The Agreement is hereby approved and the President or the designee thereof is hereby authorized and directed to execute said document, and the District Clerk or such Clerk's designee is hereby authorized and directed to attest thereto.

Section 2. The executing officers(s), the Clerk and all other proper officers and officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 3. The Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee,
Esq.
Jones Hall, APLC
475 Sansome Street, Suite
1700 San Francisco, CA
94111

Section 4. This Resolution shall take effect immediately upon its passage.

ADOPTED by the District Governing Board of the Western Placer Unified School District at a regular meeting of said District Governing Board held on the 19th day of January 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Kris Wyatt, President

ATTEST:

Brian Haley, Clerk

**JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

THIS AGREEMENT, dated as of January 1, 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the "Members" and those parties initially executing this Agreement are referred to as the "Initial Members"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a "public agency" as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein "Bonds"), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the "California Municipal Finance Authority" for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority's debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Municipal Finance Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Members. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the "Board," or the "Directors" and each a "Director") of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the "Foundation"), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number

of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 9. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other

amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 14. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit's or nonprofit organization's purposes.

Section 15. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. Amendments.

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.

Section 18. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

Section 20. Miscellaneous.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the Western Placer Unified School District has caused this Agreement to be executed and attested by its duly authorized representatives as of the 19th day of January, 2021.

Member:

Western Placer Unified School District

By _____
Kris Wyatt, President

ATTEST:

Brian Haley, Clerk

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.


SUBJECT:

Horizon Charter Schools 2019-20 Annual
Financial Statements and Audit Report

AGENDA ITEM AREA:

Information

REQUESTED BY:

Audrey Kilpatrick 
Assistant Superintendent
Business Services and Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

Western Placer Unified School District, as the sponsoring authority for Horizon Charter Schools, is responsible for fiscal oversight. Accordingly, their annual financial statements and audit report are provided for your review. Fedderson & Company LLP, prepared the annual audit report of Horizon Charter Schools for the fiscal year ended June 30, 2020.

RECOMMENDATION:

Administration recommends the Board of Trustees receive the 2019-20 audited financial statements for Horizon Charter Schools.

HORIZON CHARTER SCHOOL
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

HORIZON CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Governing Board of
Horizon Charter School
Lincoln, California

We have audited the accompanying financial statements of Horizon Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizon Charter School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

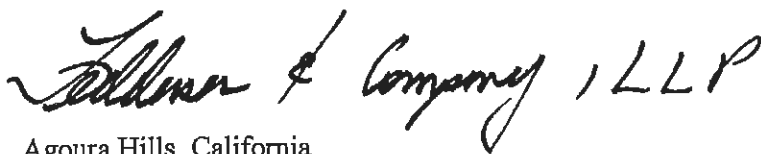
Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis on pages 3 – 8 and the accompanying supplementary information on pages 24 – 27 are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

The Local Education Agency Organization Structure on page 23 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on the schedule.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of Horizon Charter School'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 Horizon Charter School'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 Horizon Charter School's internal control over financial reporting and compliance.



Agoura Hills, California
December 10, 2020

HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

The Management's Discussion and Analysis section of Horizon Charter School's (the School) financial report presents an overall review of the School's financial performance during the fiscal year that ended on June 30, 2020. Readers should also review the notes to the financial statements to enhance their understanding of the School's financial performance.

INTRODUCTION

Horizon Charter School, established in 1993 was the 15th charter school authorized in the state of California, is one of the largest charter schools in Northern California and has enjoyed a distinguished record of dedicated service to families. Horizon Charter School authorized through Western Placer Unified School District and have provided quality, personalized educational options for K-12 students in Placer, Nevada, Sutter, Yuba, Sacramento and El Dorado counties.

Educational Offerings. The educational options provided by Horizon Charter School are widespread and provide many opportunities for parents to personalize the educational experience for their child(ren). These offerings are as follows:

- Home Study
 - In home study option, parents are responsible for the day-to-day instruction of their children under the guidance and support of a credentialed Supervising Teacher that they meet with every 20 days. In this model, parents are actively involved in the lesson planning, instruction and correcting of assignments.
- Hybrid Model
 - In this option, parents utilize the services of a credentialed classroom teacher to provide direct instruction to their child for one or more classes. These classes are A-G approved and are offered through two manners of delivery in this model:
 - Learning Center classes where the student attends twice weekly for a total of three hours of direct instruction in one of the four core academic classes (Mathematics, English, Language Arts, Science and/or Social Science). In addition, elective classes are offered at these centers once a week, three hours each. Learning Centers are offered in Roseville.
 - Virtual Learning classes (VLI) are offered for high school students. Students attend these online interactive classes once a week for 90 minutes, with classes being recorded for regular viewing. They also have the opportunity to meet with their VLI teacher during "office hours" within the week.
- Full time Classroom Instruction
 - Parents seeking a more traditional approach to their child's education have the option of attending Lincoln Montessori. In this site-based program, students in grades K-8 attend school all day, Monday through Friday. This option follows the Maria Montessori educational methodology adapted within a public school setting. These student-led, multi-grade combination classes develop collaboration and communication within the classrooms.

HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

Personalized Choices. Horizon Charter School is dedicated to the belief that each and every student can succeed through personalized learning using a variety of instructional methodologies. Our personalized learning approach embraces the idea that parents everywhere should have a voice in how their students learn and how their educational plan is designed. As such, a Personalized Learning Plan is developed for every child based on the Common Core Content Standards and on each child's abilities, interests, and aptitudes. Students and families are largely responsible for their educational inquiry and pursuits. Special education services are provided to eligible students.

In addition to the core academic instruction, Horizon Charter School offers several enrichment classes at the learning centers. These classes run from 6-week increments to 12-week increments. These parent requested offerings are based on interest from the stakeholder community. They involve all facets of interests, such as: lego engineering, art classes, guitar lessons, tutoring and many more.

FINANCIAL ANALYSIS OF THE SCHOOL

Financial Overview. Horizon Charter School's Governing Board and staff continues to effectively use its resources to improve its academic programs and thereby its students success. Programmatic decisions are based on the commitment of "Quality Education through Personalized Learning" and fiscal soundness.

For the 2019-20 school year, Horizon Charter School remained fiscally sound, as this report will reflect. This document focuses on how Horizon Charter School maintains its fiscal position and how it utilizes its resources to ensure the best possible education possible for its students.

Net assets. The School's net assets of \$9,250,365 were less on June 30, 2020 than they were the prior year, decreasing by \$739,019 or 7.4 percent (See Table 1.) Table 1 provides a summary of the School's net assets for the fiscal years ended 2020 and 2019.

Table 1
Horizon Charter School's Net Assets

	<u>School Activities</u>	<u>Total Change</u>	<u>Total % Change</u>
Summary of Statement of Financial Position	2020	2019	
Current assets	\$ 9,313,460	\$10,291,455	\$ (977,995) (9.5 %)
Capital assets	663,387	756,338	(92,951) 12.3 %
Other Assets	70,059	70,059	- -
Total Assets	10,046,906	11,117,852	(1,070,946) (9.6 %)
Current liabilities	750,062	1,081,989	(331,927) (30.7 %)
Long-Term liabilities	46,479	46,479	- -
Total Liabilities	796,541	1,128,468	(331,927) (29.4 %)
Net assets – without donor restrictions	4,226,919	4,959,273	(732,354) (14.8 %)
Net assets – with donor restrictions	5,023,446	5,030,111	(6,665) (.1 %)
Total Net Assets	\$ 9,250,365	\$ 9,989,384	\$ (739,019) (7.4%)

HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

Total assets were \$10,046,906, 6.8 percent in cash in banks, 49.2 percent in cash in county treasury, 31.2 percent in accounts receivable, 5.5 percent in prepaid expenses, 6.6 percent in property and equipment, and .7 percent in deposits. Total liabilities were \$796,541, 83.0 percent in accounts payable, 8.3 percent in accrued payroll and payroll liabilities, 2.9 percent in deferred revenue, and 5.8 percent in deferred lease obligations. Of the School's \$9,250,365 net assets, 45.7 percent were without donor restrictions and 54.3 percent were with donor restrictions.

Table 2
Analysis of Horizon Charter School's Total Net Asset

Summary of Statement of Activities	2020	2019
Program revenues	\$ 22,990,392	\$ 21,717,203
General revenues	116,916	142,102
Total revenues	<u>23,107,308</u>	<u>21,859,305</u>
Program expenses	16,277,440	15,600,325
Management and general expenses	7,562,222	7,507,448
Total expenses	<u>23,839,662</u>	<u>23,107,773</u>
Net Assets released from restrictions	<u>6,665</u>	<u>468,593</u>
Change in total net assets	(739,019)	(1,717,061)
Net Assets, beginning	9,989,384	11,706,445
Net Assets, ending	<u>\$ 9,250,365</u>	<u>\$ 9,989,384</u>

Statement of Revenues, Expenses and Changes in Net Assets. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned, whether received or not, by the School, and the expenses incurred, whether paid or not, by the School. Thus, this statement presents the School's results of operations.

Table 3
Analysis of Horizon Charter School's 2020 Budget and Actual Results

Summary of Statement of Activities	Original	Final	Actual	Final/Actual Difference
Program revenues	\$ 21,977,509	\$ 22,005,214	\$ 22,990,392	\$ 985,178
General revenues	-	-	116,916	116,916
Total Revenues	<u>21,977,509</u>	<u>22,005,214</u>	<u>23,107,308</u>	<u>1,102,094</u>
Certificated Salaries	9,473,899	9,361,435	9,554,500	193,065
Classified Salaries	2,609,680	2,678,195	2,684,646	6,451
Benefits	3,704,399	3,762,465	3,650,959	(111,506)
Books and Supplies	1,937,413	1,802,106	1,902,443	100,337
Contracts and Services	5,844,044	5,715,558	6,047,114	331,556
Total Expenses	<u>23,569,435</u>	<u>23,319,759</u>	<u>23,839,662</u>	<u>519,903</u>
Net Assets released from restrictions	-	-	6,665	6,665
Change in net assets	<u>\$ (1,591,926)</u>	<u>\$ (1,314,545)</u>	<u>\$ (739,019)</u>	<u>\$ 575,526</u>

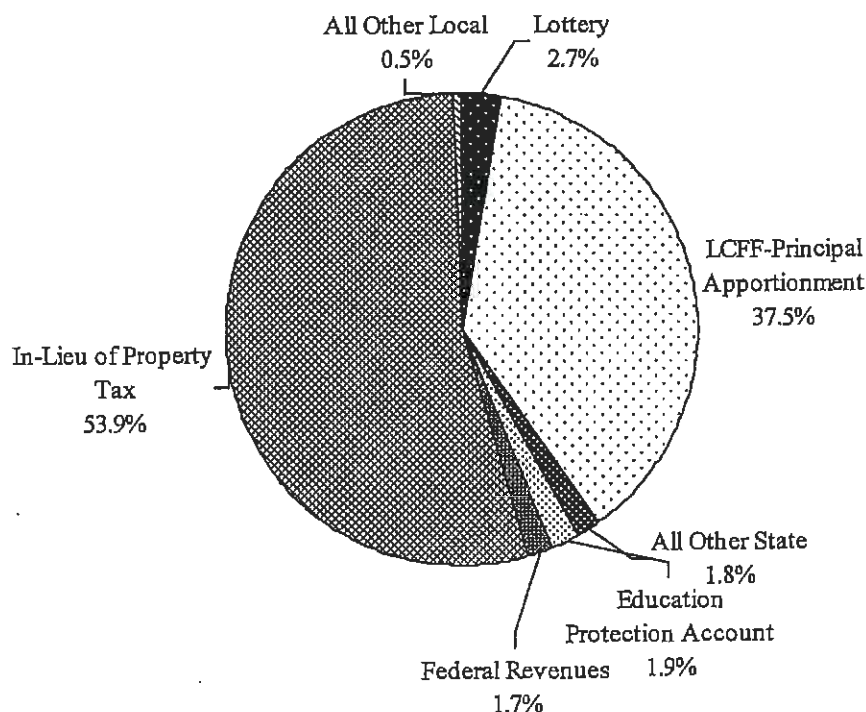
HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

General Budgetary Highlights. Per the charters for each School, the School shall provide the following reports to the Western Placer Unified District as required by Education Code Section 47604.33: 1) by July 1, a preliminary budget for the current fiscal year, 2) by December 15, an interim financial report for the current fiscal year reflecting changes through October 31, 3) by December 15, a copy of the annual, independent financial audit report for the preceding fiscal year to be delivered to the Western Placer Unified District, State Controller, State Department of Education and the County Superintendent of School, 4) by March 15, a second interim financial report for the current fiscal year reflecting changes through January 31, and 5) by September 15, a final unaudited report for the full prior year.

Governmental Activities. By the end of the fiscal year, the revenues for the School's activities totaled \$23,107,308. LCFF-principal apportionment funding was 37.5 percent of total revenues, in-lieu of property tax funding was 53.9 percent and 1.9 percent from education protection account. Federal revenues accounted for 1.7 percent and lottery revenues were 2.7 percent. The remaining 2.3 percent was from all other state and local revenue sources.

Figure 1
Horizon Charter School's Revenues for Fiscal Year 2020
Analysis of Revenue Sources

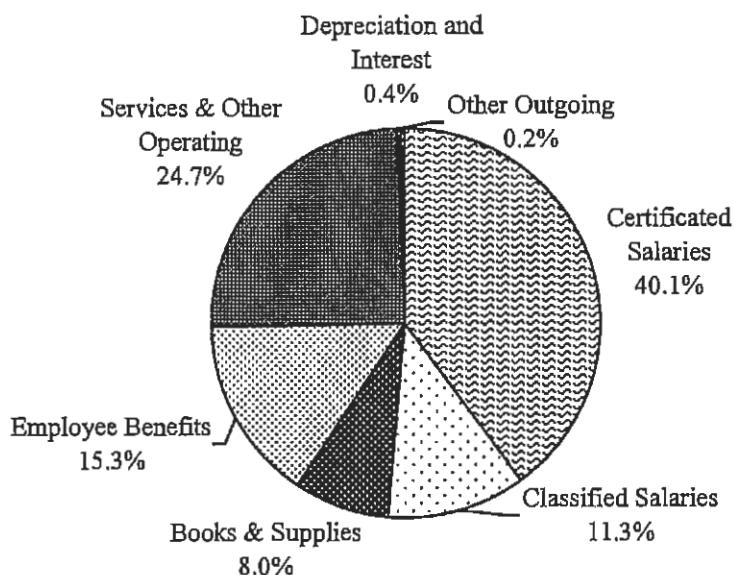


HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

The cost of all the School's major activities: Instruction, guidance, counseling, evaluation, school leadership, administration, maintenance and operations was \$23,839,662. Program service expenses accounted for \$16,277,440 or 68.3 percent while \$7,562,222 or 31.7 percent were management and general support.

Figure 2
Horizon Charter School's Expenses for Fiscal Year 2020



Capital Assets

The following is a summary of changes in capital assets:

SUMMARY OF CHANGES IN PROPERTY AND EQUIPMENT

	Beginning Balance	Additions/ Subtractions	Current Depreciation	Ending Balance
Equipment, net	\$ 634,419	\$ -	\$ 78,331	\$ 556,088
Vehicles, net	12,421	-	9,068	3,353
Buildings, net	109,498	-	5,552	103,946
Totals	<u>\$ 756,338</u>	<u>\$ -</u>	<u>\$ 92,951</u>	<u>\$ 663,387</u>

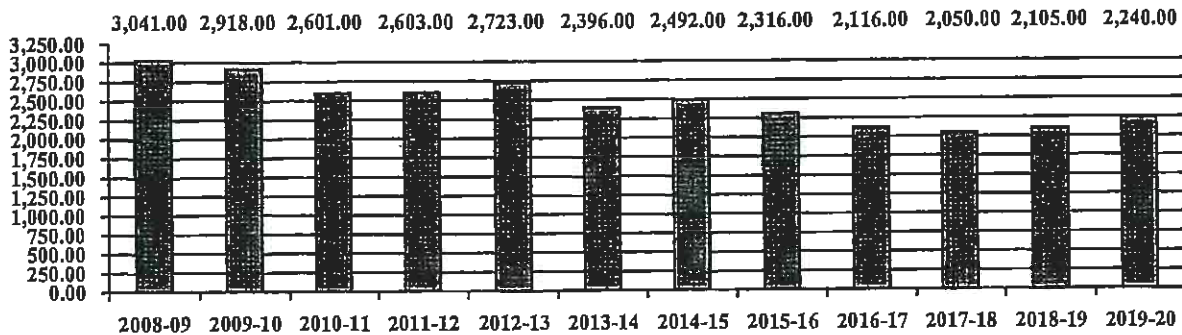
HORIZON CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

Average Daily Attendance. The School's average daily attendance increased by 135 to 2,240 for the fiscal year ended June 30, 2020 at the P-2 reporting period. The School continues to focus on attendance for the fiscal year ending June 30, 2020.

Second Period Report Average Daily Attendance (ADA)



Factors Bearing on the School's Future

- Although the School is financially stable, their financial condition is highly dependent upon the economic condition of the State of California.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Cynthia D. V. Wood, EdD, Superintendent/CEO at (916) 408-5200.

HORIZON CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2020

ASSETS		Horizon Charter School
CURRENT ASSETS		
Cash in Bank	\$	677,961
Cash in County Treasury		4,943,815
Accounts Receivable		3,137,668
Prepaid Expenses		554,016
Due from Partnerships for Student-Centered Learning		-
Total Current Assets		9,313,460
PROPERTY AND EQUIPMENT, NET		663,387
OTHER ASSETS		
Deposits		70,059
Total Assets	\$	10,046,906
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$	660,785
Accrued Payroll and Payroll Liabilities		66,070
Deferred Revenue		23,207
Current Portion of Long-Term Liabilities		-
Total Current Liabilities		750,062
LONG-TERM LIABILITIES		
Capital Lease Obligations		-
Deferred Lease Obligations		46,479
Less: Current Portion of Long-Term Liabilities		-
Total Long-Term Liabilities		46,479
Total Liabilities		796,541
NET ASSETS		
Without donor restrictions		4,226,919
With donor restrictions		5,023,446
Total Net Assets		9,250,365
Total Liabilities and Net Assets	\$	10,046,906

The accompanying notes are an integral part of these financial statements

HORIZON CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:	Horizon Charter School
SUPPORT AND REVENUES	
LCFF Sources:	
Principal Apportionment State Aid	\$ 8,655,002
Education Protection Account	448,026
In-Lieu of Property Taxes and Transfers	12,455,184
Federal Revenues	393,643
Other State Revenue:	
Lottery Revenue	633,604
All Other	217,647
Local Revenue:	
All Other	180,621
Other Revenue:	
Interest Income	116,916
Net Assets Released from Donor Restrictions	6,665
Total Support and Revenue	23,107,308
EXPENSES	
PROGRAM SERVICES	
Education	16,277,440
SUPPORT SERVICES	
Management and General	7,562,222
Total Expenses	23,839,662
Decrease in Unrestricted Net Assets	(732,354)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:	
Net Assets Released from Donor Restrictions	(6,665)
Increase (Decrease) in Net Assets with Donor Restrictions	(6,665)
DECREASE IN NET ASSETS	(739,019)
NET ASSETS	
Beginning of Year	9,989,384
End of Year	\$ 9,250,365

The accompanying notes are an integral part of these financial statements

HORIZON CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Support Services	
	Education	Management and General	Total
Compensation and Related Expenses			
Salaries - Certificated	\$ 7,838,073	\$ 1,716,427	\$ 9,554,500
Salaries - Classified	103,400	2,581,246	2,684,646
Employee Benefits	2,217,121	1,433,838	3,650,959
Total Compensation and Related Expenses	10,158,594	5,731,511	15,890,105
Books and Supplies	1,806,992	95,451	1,902,443
Services and Other Operating Expenses	4,249,967	1,642,309	5,892,276
Depreciation and Amortization	-	92,951	92,951
Other Outgoing Expenses	61,887	-	61,887
Debt Service - Interest	-	-	-
Total Expenses	\$ 16,277,440	\$ 7,562,222	\$ 23,839,662

The accompanying notes are an integral part of these financial statements

HORIZON CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Horizon Charter School
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	\$ (739,019)
Adjustments to Reconcile to Net Cash Provided by Operating Activities:	
Depreciation	92,951
(Increase) Decrease in Assets:	
Accounts Receivable	(740,054)
Prepaid Expenses	264,608
Due from Partnerships for Student-Centered Learning	-
Deposits	-
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(141,255)
Accrued Payroll and Payroll Liabilities	(81,073)
Due to Horizon Charter School	-
Deferred Revenue	(109,600)
Net Cash Used in Operating Activities	(1,453,442)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	-
Net Cash Used in Investing Activities	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments on Capital Lease Obligations	-
Increase in Deferred Lease Obligations	-
Net Cash Used in Financing Activities	-
Net Decrease in Cash and Cash Equivalents	(1,453,442)
Cash, Beginning of Year	7,075,218
Cash, End of Year	\$ 5,621,776
SUPPLEMENTAL DISCLOSURES:	
Interest Paid	\$ -

The accompanying notes are an integral part of these financial statements

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities – Horizon Charter School (hereinafter “Organization”), a nonprofit public benefit corporation duly organized under the laws of the State of California, was formed to manage, operate, guide, direct and promote California public charter schools.

Horizon Charter School’s (hereinafter “HCS”) initial charter was granted for the 1993-94 school year. The Western Placer Unified School District Governing Board has renewed the charter for a term of five years, commencing July 1, 2018 and continuing through June 30, 2023. HCS serves students in grades K-12 through an independent study program.

Charters may be revoked by the sponsoring district for material violations of the charter, failure to meet student goals identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. California Education Code Section 47604 states that a district granting a charter to a charter school to be operated by a nonprofit public benefit corporation shall not be liable for the debts or obligations of the charter school.

Basis of Accounting – The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. The School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Basis of Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – All resources over which the governing board has discretionary control to use in carrying on the general operations of the Organization.
- *Net assets with donor restrictions* – These net assets are restricted by donors to be used for specific purposes. See Note 8 for details of the Organization’s net assets with donor restrictions.

Contributions – All contributions are considered to be without donor restriction unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as net assets with donor restrictions. Restricted contributions that are received and released in the same period are reported as net assets without donor restrictions. All other restricted revenues are reported as increases in net assets with donor restrictions.

Revenue Recognition – The School receives Federal, State and local revenues for their various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance of students. Unearned revenue is recorded to the extent cash received on grants exceeds qualified expenses. Some government grants are based on reimbursable costs as defined by the grants.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued) – Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements.

Cash and Cash Equivalents – For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes. Cash in the County treasury is recorded at cost, which approximates fair value.

Accounts Receivable – Accounts receivable primarily represent amounts due from federal, state and local governments as of June 30, 2020. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Fixed Assets – Property and equipment are recorded at cost when purchased. Donated fixed assets are recorded at fair value on the date of donation. Purchases and donations greater than \$10,000 are capitalized. Contributions of donated fixed assets are reported as increases to net assets without donor restrictions unless the donor has stipulated that the donation has a specific purpose. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. For additional information, see Note 7.

Use of Estimates – The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant management estimates included in the financial statements are the collectability of the receivables, the estimated useful lives of fixed assets, and the functional allocation of expenses.

Accumulated Sick Leave – Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the School since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Compensated Absences – Compensated absences benefits are recorded as a liability of the School. The liability of \$63,259 is for the earned but unused benefits.

Advertising – The School expenses advertising costs as incurred. For the year ended June 30, 2020 and 2019, advertising costs totaled \$228,459 and \$454,980, respectively.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The School's expenses have been allocated between program and support services, based on direct identification when possible, and allocation if a single expense benefits more than one program or function. Expenses that require allocation are allocated on a personnel-cost basis that is consistently applied.

Fair Value Measurements – In accordance with fair value measurements, the School categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets and liabilities in active markets to which the School has access.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments.

Income Taxes – The Organization is exempt from federal and state income tax under 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been reflected in these financial statements. The Organization has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no accounting adjustment has been made to the financial statements and no disclosures of uncertain income tax positions are required. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Evaluation of Subsequent Events – The School has evaluated subsequent events through December 10, 2020, the date these financial statements were available to be issued.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – CONCENTRATION OF CREDIT RISK

Cash at June 30, 2020 consisted of the following:

Pooled Funds:

Cash in County Treasury	\$ 4,943,815
Cash in Banks	<u>677,965</u>
	<u>\$ 5,621,780</u>

Pooled Funds

In accordance with Education Code Section 41001, the School maintains cash in the County Treasury as part of the common investment pool. These pooled funds are carried at cost, which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The pooled funds do not consist of specific, identifiable investment securities owned by the School, and as such, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

Deposits - Custodial

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The School has not experienced any losses in such accounts. At June 30, 2020, deposits in excess of the FDIC limit amount approximately \$391,000. Management believes the School is not exposed to any significant credit risk related to cash.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable outstanding at June 30, 2020 consisted of the following:

State Government	\$ 2,870,372
Other Agencies	<u>267,296</u>
Total Accounts Receivable	<u>\$ 3,137,668</u>

NOTE 4 – LIQUIDITY AND RESERVES

The School has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following reflects the School's financial assets as of June 30, 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal board designations.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4 – LIQUIDITY AND RESERVES (CONTINUED)

	<u>2020</u>
Cash and cash equivalents	\$ 5,621,780
Accounts receivable, net, collected in one year	<u>3,137,668</u>
Total financial assets	8,759,448
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	<u>23,446</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,736,002</u>

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by receiving the state, federal, and local funding apportionments due to the School, and spending within the approved budget and plans.

NOTE 5 – EMPLOYEE BENEFIT PLANS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension 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). All employees who are not members of CalSTRS or CalPERS must contribute to the federal Social Security system.

- If the School chooses to stop participating in the multi-employer plans, it may be required to pay those plans an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

The School has no plans to withdraw from these multi-employer plans.

California State Teachers' Retirement System (CalSTRS)

Plan Name:	California State Teachers' Retirement System
Plan EIN:	94-6291617
Actuarial value of assets:	\$205,016
Actuarial accrued liability:	\$310,719
Unfunded accrued liability:	\$105,703
Funded status:	65 to 80 percent funded

The actuarial value of assets and accrued liability are expressed in millions and are valued as of June 30, 2019, the most recent actuarial valuation date.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Plan Description

The School contributes to the State Teachers Retirement Plan (STRP), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, 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, 100 Waterfront Place, West Sacramento, California 95605, and is also available online at www.calstrs.com.

Benefits Provided

The benefits are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. The California Public Employees' Pension Reform Act of 2013 (PERPA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PERPA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with a minimum of five years of CalSTRS-credit service.

Contributions

The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. School employer contributions will increase from 8.25 percent to a total of 19.1 percent of covered payroll over a seven-year period, effective July 1, 2014. The required employer contribution rate for the fiscal year 2019-2020 was 17.10 percent of annual payroll. The School's contribution to CalSTRS for the fiscal years ended June 30, 2020, 2019 and 2018 was \$1,483,830, \$1,389,890 and \$1,150,427, respectively, and equals 100.0 percent of the required contributions for the year. The School's contributions are less than 5 percent of total plan contributions. For the fiscal year 2021, the School is required to contribute 18.40 percent of annual payroll.

California Public Employees' Retirement System (CalPERS)

Plan Name:	California Public Employees' Retirement System
Plan EIN:	94-6207465
Market value of assets:	\$68,177
Actuarial accrued liability:	\$99,528
Unfunded accrued liability:	\$31,351
Funded status:	65-80 percent funded

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The market value of assets and the actuarial accrued liability are expressed in millions and are valued as of June 30, 2019, the most recent actuarial valuation date.

Plan Description

The School contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-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 Law. 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 Q Street, Sacramento, CA 95811, and is also available online at www.calpers.ca.gov.

Contributions

Contribution rates for the CalPERS plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Classic plan members, defined as a member who joined CalPERS prior to January 1, 2013, are required to contribute 7 percent of their salary. New members who joined CalPERS for the first time on or after January 1, 2013 are required to contribute 7.0 percent of their salary. The required employer contribution rate for the fiscal year 2019-2020 was 19.721 percent of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute. The School's contributions to CalPERS for the fiscal years ended June 30, 2020, 2019 and 2018 was \$660,417, \$569,663 and \$461,913, respectively, and equals 100.0 percent of the required contributions for the year. The School's contributions are less than 5 percent of total plan contributions. For the fiscal year 2021, the School is required to contribute 20.70 percent of annual payroll.

NOTE 6 – OPERATING LEASES

The School leases property under various non-cancelable operating lease agreements. Total rental expenses were \$1,036,095 for the year ended June 30, 2020. Future minimum lease payments under the lease agreement are as follows as of June 30, 2020:

Year Ending June 30,	Minimum Lease Payments
2021	\$ 346,837
2022	213,037
2023	218,363
2024	223,822
2025	229,417
Thereafter	476,184
	<u>\$ 1,707,660</u>

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7 – CAPITAL LEASE

The School leases certain equipment under capital leases. The assets and liabilities under the capital lease were recorded at the fair value of the assets. The assets are depreciated on a straight-line basis over the estimated useful lives. Depreciation of assets under the capital lease charged to expense during the years ended June 30, 2020 and 2019 was \$16,668 and \$16,668, respectively. The following is a summary of property held under the capital lease included in property and equipment:

	<u>2020</u>	<u>2019</u>
Computers and Equipment	\$ 204,202	\$ 204,202
Less: Accumulated Depreciation	(161,169)	(144,501)
	<u>\$ 43,033</u>	<u>\$ 59,701</u>

NOTE 8 – PROPERTY AND EQUIPMENT

A schedule of changes in property and equipment and accumulated depreciation for the year ended June 30, 2020, is as follows:

SUMMARY OF CHANGES IN PROPERTY AND EQUIPMENT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Equipment	\$ 1,837,549	\$ -	\$ -	\$ 1,837,549
Vehicles	57,915	-	-	57,915
Buildings	<u>129,691</u>	<u>-</u>	<u>-</u>	<u>129,691</u>
Totals	<u>\$ 2,025,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,025,155</u>

SUMMARY OF CHANGES IN ACCUMULATED DEPRECIATION

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Equipment	\$ 1,203,130	\$ 78,331	\$ -	\$ 1,281,461
Vehicles	45,494	9,068	-	54,562
Buildings	<u>20,193</u>	<u>5,552</u>	<u>-</u>	<u>25,745</u>
Totals	<u>\$ 1,268,817</u>	<u>\$ 92,951</u>	<u>\$ -</u>	<u>\$ 1,361,768</u>

During the fiscal year ended June 30, 2020, \$92,951 was charged to depreciation expense.

HORIZON CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of June 30, 2020:

California Clean Energy Jobs Act	\$ 23,446
Economic Uncertainties	<u>5,000,000</u>
Total net assets with donor restrictions	<u>\$5,023,446</u>

NOTE 10 – CONTINGENCIES

The School has received state and federal funds for specific purposes subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement, would not be material.

The School is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the School.

NOTE 11 – SUBSEQUENT EVENTS

The Covid-19 outbreak in the United States has caused business disruption through mandated closings of schools. The School has been able to continue operations through remote learning. This will remain the same for the 2020-21 school year, until the state loosens restrictions on in-person learning in public schools. The state of California has placed budget caps and revenue deferrals on public schools, which will affect the School. The School has strong reserves, and management does not expect these matters to negatively impact operating results. However, the related financial impact and duration cannot be reasonably estimated at this time due to uncertainty.

HORIZON CHARTER SCHOOL
SUPPLEMENTARY INFORMATION SECTION
FOR THE YEAR ENDED
JUNE 30, 2020

HORIZON CHARTER SCHOOL

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2020

ORGANIZATION

Horizon Charter School's current charter was granted by the Western Placer Unified School District. The term of the charter is five years, beginning July 1, 2018 and continuing through June 30, 2023. The School's charter number authorized by the state of California is 0015.

Horizon Charter School's governing board for the fiscal year ended June 30, 2020 was composed of the following members both Horizon Charter School:

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>	<u>TERM EXPIRES</u>
Jim Trimble	Community Representative	Undetermined	N/A
Joe Dutra	Education Representative	Two Years	June 30, 2021
Tom Cascaddan	Parent Representative	Three Years	June 30, 2022
Elaine Palmer	Parent Representative	Four Years	June 30, 2022
Alexis Spiva	Parent Representative	Four Years	June 30, 2023

ADMINISTRATION

Cynthia D. V. Wood, EdD
Superintendent/Chief Executive Officer

Roxanne Regules, EdD
Assistant Superintendent/Human Resources/Chief Operations Officer

Carin Contreras
Assistant Superintendent/Educational Services/Chief Academic Officer

Jay Stewart
Business Services/Chief Business Official

HORIZON CHARTER SCHOOL

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE YEAR ENDED JUNE 30, 2020

	Second Period Report			Annual Report		
	Classroom Based	Independent Study	Total ADA	Classroom Based	Independent Study	Total ADA
Grades TK/K through 3	42.50	462.90	505.40	42.50	462.90	505.40
Grades 4 through 6	33.38	350.38	383.76	33.38	350.38	383.76
Grades 7 and 8	4.21	370.18	374.39	4.21	370.18	374.39
Grades 9 through 12	N/A	976.58	976.58	N/A	976.58	976.58
ADA Totals	<u>-</u>	<u>2,160.04</u>	<u>2,240.13</u>	<u>-</u>	<u>2,160.04</u>	<u>2,240.13</u>

See auditor's report and the notes to supplementary information

HORIZON CHARTER SCHOOLS

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE YEAR ENDED JUNE 30, 2020

Horizon Charter School

	2019-20 Minutes*		Traditional Calendar	Status
	Requirement	Actual		
Kindergarten	36,000	36,750	179	In Compliance
Grade 1	50,400	55,470	179	In Compliance
Grade 2	50,400	55,470	179	In Compliance
Grade 3	50,400	55,470	179	In Compliance
Grade 4	54,000	58,095	179	In Compliance
Grade 5	54,000	58,095	179	In Compliance
Grade 6	54,000	58,095	179	In Compliance
Grade 7	54,000	58,095	179	In Compliance
Grade 8	N/A	N/A	179	In Compliance
Grade 9	N/A	N/A	179	In Compliance
Grade 10	N/A	N/A	179	In Compliance
Grade 11	N/A	N/A	179	In Compliance
Grade 12	N/A	N/A	179	In Compliance

* Actual minutes include credited minutes that were scheduled to be offered per the School's bell schedule and calendar that was in effect prior to the COVID-19 closure.

HORIZON CHARTER SCHOOL

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Horizon Charter School

June 30, 2020 Annual Financial and Budget Report Fund Balance (Net Assets)	\$ 9,189,975
Adjustments and Reclassifications Increase:	
Accounts Receivable / Federal Revenue and Interest Income	58,068
Accounts Payable / Books and Supplies and Services and Other Operating Expenses	<u>2,322</u>
June 30, 2020 Audited Financial Statement Fund Balance (Net Assets)	<u><u>\$ 9,250,365</u></u>

HORIZON CHARTER SCHOOL

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2020

NOTE 1 – PURPOSE OF SCHEDULES

A. Local Education Agency Organization Structure

This schedule provides information about Horizon Charter School's (the School) date and granting authority for the charter, members of the governing board, and members of the administration.

B. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and programs.

C. Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of Education Code Sections 46200 through 46206.

The School submitted a COVID-19 School Closure Certification for the days that the School was closed due to COVID-19 during the 2019-20 school year. This schedule includes the instructional minutes and days that were scheduled to be offered per the School's bell schedule and calendar that were in effect prior to the COVID-19 closure and were credited due to the COVID-19 School Closure Certification being properly filed.

D. Schedule of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the instructional program and supporting services benefited. All costs have been allocated based on their type, based on management's estimates.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances (net assets) as reported on the Annual Financial and Budget Report form to the audited financial statements.

HORIZON CHARTER SCHOOL
OTHER INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED
JUNE 30, 2020

Feddersen & Company, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Members of the Governing Board of
Horizon Charter School
Lincoln, 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 Horizon Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Horizon Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Horizon Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Horizon Charter School's internal control.

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

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

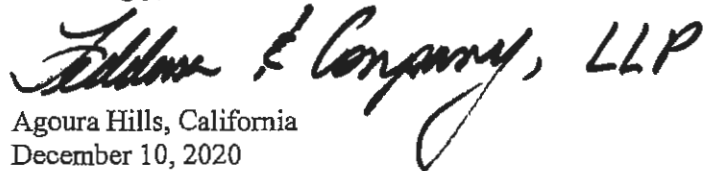
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Horizon Charter School'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 determination of financial statement amounts. 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*.

Report on Internal Control

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Agoura Hills, California
December 10, 2020

Feddersen & Company, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Members of the Governing Board of
Horizon Charter School
Lincoln, California

Report on State Compliance

We have audited Horizon Charter School's compliance with the state compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2020. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Horizon Charter School's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Horizon Charter School's compliance with the state laws and regulations based on our audit.

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Horizon Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Horizon Charter School's Academy's compliance with those requirements.

Compliance Requirements Tested

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

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Not applicable
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Independent Study	Not applicable
Continuation Education	Not applicable

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Under Local Education Agencies Other than Charter School, the term “Not applicable” is used above to mean that the program does not apply to charter schools.

We did not perform any procedures related to the After/Before School Education and Safety Program because Horizon Charter Schools does not receive state funding for this program.

We did not perform any procedures related to the Independent Study-Course Based Program because Horizon Charter Schools does not receive state funding for this program.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for Horizon Charter Schools since the independent study average daily attendance is immaterial based on the audit guide.

We did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction because Horizon Charter Schools did not generate more than 20.0 percent of the School’s average daily attendance through nonclassroom-based instruction.

Opinion

In our opinion, Horizon Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to state programs for the year ended June 30, 2020.

Dellos & Company, LLP
Agoura Hills, California
December 10, 2020

HORIZON CHARTER SCHOOL
FINDINGS AND RECOMMENDATIONS SECTION
FOR THE YEAR ENDED
JUNE 30, 2020

HORIZON CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>Yes</u>	<u>X</u>	No
Significant deficiencies identified?	<u>Yes</u>	<u>X</u>	None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>Yes</u>	<u>N/A</u>	No
Significant deficiencies identified?	<u>Yes</u>	<u>N/A</u>	None reported

Type of auditor’s report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes N/A No

Major programs:

CFDA Number

Name of Federal Program

The School did not have any major programs.

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? N/A Yes No

State Awards

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

Internal control over state programs:

Material weakness(es) identified?	<u>Yes</u>	<u>X</u>	No
Significant deficiencies identified?	<u>Yes</u>	<u>X</u>	None reported

HORIZON CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements, federal or state awards for the year ended June 30, 2020.

HORIZON CHARTER SCHOOL

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2020

<u>Finding</u>	<u>Code</u>	<u>Recommendation</u>	<u>Current Status</u>
----------------	-------------	-----------------------	-----------------------

There were no findings noted for the year ended June 30, 2019

WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.


SUBJECT:

John Adams Academies Inc. Charter Schools
2019-20 Consolidated Financial Statements
with Auditor's Report

AGENDA ITEM AREA:

Information

REQUESTED BY:

Audrey Kilpatrick 
Assistant Superintendent
Business Services and Operations

ENCLOSURES:

Yes

DEPARTMENT:

Business Services

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

Western Placer Unified School District, as the sponsoring authority for John Adams Academy Charter School, is responsible for fiscal oversight. Accordingly, their annual consolidated financial statements and audit report are provided for your review. Gilbert Associates, Inc. prepared the annual audit report of John Adams Academies Inc. Charter Schools for the fiscal year ended June 30, 2020.

RECOMMENDATION:

Administration recommends the Board of Trustees receive the consolidated financial statements and audit report.

JOHN ADAMS ACADEMIES, INC.

**JOHN ADAMS ACADEMY - Roseville
Charter School # 2061**

**JOHN ADAMS ACADEMY – Lincoln
Charter School # 1715**

**JOHN ADAMS ACADEMY – El Dorado Hills
Charter School # 1880**

**CONSOLIDATED FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
JUNE 30, 2020 AND 2019**

JOHN ADAMS ACADEMIES, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
John Adams Academies, Inc.
Roseville, California**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of John Adams Academies, Inc., a California non-profit public benefit corporation, and affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Supplementary Information, as listed in the Table of Contents, as required by the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 6, 2020, on our consideration of the Organization'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 Organization'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 the Organization's internal control over financial reporting and compliance.



GILBERT CPAs
Sacramento, California

November 6, 2020

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,099,491	\$ 4,528,366
Accounts receivable	2,909,062	1,186,865
Contributions receivable	400,000	-
Cash with fiscal agent	4,161,114	1,213,809
Prepaid expenses and deposits	<u>103,669</u>	<u>52,452</u>
Total current assets	<u>13,673,336</u>	<u>6,981,492</u>
NON-CURRENT ASSETS:		
Deposits	14,639	14,639
Cash with fiscal agent	13,633,968	4,577,111
Property and equipment, net	<u>61,609,883</u>	<u>37,280,676</u>
TOTAL ASSETS	<u>\$ 88,931,826</u>	<u>\$ 48,853,918</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 963,579	\$ 586,087
Accrued interest	1,043,430	572,684
Accrued expenses	749,819	294,290
Current portion of debt	<u>758,344</u>	<u>863,330</u>
Total current liabilities	3,515,172	2,316,391
LONG-TERM LIABILITIES:		
Debt, net	77,031,773	41,674,047
Paycheck Protection Program loan	<u>2,314,200</u>	<u>-</u>
TOTAL LIABILITIES	<u>82,861,145</u>	<u>43,990,438</u>
NET ASSETS:		
Without donor restrictions	3,693,145	4,679,984
With donor restrictions	<u>2,377,536</u>	<u>183,496</u>
Total net assets	<u>6,070,681</u>	<u>4,863,480</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 88,931,826</u>	<u>\$ 48,853,918</u>

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

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Federal revenue	\$ 374,878	\$ 545,998
State revenue:		
State aid portion of general purpose funding	9,248,148	8,506,824
Lottery revenue	373,112	293,537
All other state revenue	17,993	349,233
Local revenue:		
Cash in-lieu of property taxes	11,083,166	6,657,420
Contributions and other local revenue	593,515	668,864
Net assets released from restrictions	<u>2,006,543</u>	<u>3,816,809</u>
Total revenues	<u>23,697,355</u>	<u>20,838,685</u>
EXPENSES:		
Program services:		
Educational programs	22,415,848	17,695,588
Supporting services:		
Management and general	2,252,042	2,023,194
Fundraising	<u>16,304</u>	<u>18,834</u>
Total expenses	<u>24,684,194</u>	<u>19,737,616</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(986,839)</u>	<u>1,101,069</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Restricted contributions	2,320,000	-
Restricted state entitlements	1,880,583	3,801,378
Net assets released from restrictions	<u>(2,006,543)</u>	<u>(3,816,809)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>2,194,040</u>	<u>(15,431)</u>
INCREASE IN NET ASSETS	1,207,201	1,085,638
NET ASSETS, Beginning of year	<u>4,863,480</u>	<u>3,777,842</u>
NET ASSETS, End of year	<u>\$ 6,070,681</u>	<u>\$ 4,863,480</u>

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

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Educational programs</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>
Certificated salaries	\$ 8,790,379	\$ 181,204	\$ -	\$ 8,971,583
Classified salaries	2,785,742	1,130,219	-	3,915,961
Employee benefits	2,623,071	289,981	-	2,913,052
Interest expense	2,446,257	212	-	2,446,469
Professional and consulting fees	1,528,187	402,606	1,825	1,932,618
Depreciation	1,410,149	15,462	-	1,425,611
Books and supplies	907,492	39,484	14,479	961,455
Operations and housekeeping	651,993	-	-	651,993
Rent, leases, and repairs	461,931	65,115	-	527,046
Communications and technology	269,345	44,886	-	314,231
Insurance	130,239	28,333	-	158,572
Food	141,724	107	-	141,831
Professional development	114,050	27,027	-	141,077
Travel and conferences	57,833	23,619	-	81,452
Field trips	72,313	-	-	72,313
Dues and memberships	21,868	2,052	-	23,920
Subcontracted services	3,275	1,400	-	4,675
Other operating expenses	-	335	-	335
	<u>-</u>	<u>335</u>	<u>-</u>	<u>335</u>
Total expenses	<u>\$ 22,415,848</u>	<u>\$ 2,252,042</u>	<u>\$ 16,304</u>	<u>\$ 24,684,194</u>

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Educational programs</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>
Certificated salaries	\$ 6,649,282	\$ 377,945	\$ -	\$ 7,027,227
Classified salaries	2,233,882	879,430	-	3,113,312
Employee benefits	2,000,412	236,709	-	2,237,121
Interest expense	1,829,652	-	-	1,829,652
Professional and consulting fees	1,312,579	348,701	3,011	1,664,291
Depreciation	1,143,520	55,818	-	1,199,338
Books and supplies	960,399	9,333	15,054	984,786
Operations and housekeeping	548,898	90	-	548,988
Rent, leases, and repairs	359,492	30,011	748	390,251
Communications and technology	133,800	23,168	-	156,968
Insurance	121,403	14,624	-	136,027
Professional development	150,978	14,700	-	165,678
Travel and conferences	60,590	29,796	21	90,407
Field trips	133,674	-	-	133,674
Dues and memberships	15,433	2,868	-	18,301
Subcontracted services	35,540	-	-	35,540
Other operating expenses	6,054	1	-	6,055
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ 17,695,588	\$ 2,023,194	\$ 18,834	\$ 19,737,616

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,207,201	\$ 1,085,638
Reconciliation to net cash provided by operating activities:		
Depreciation	1,425,611	1,199,338
Amortization of debt issuance costs and bond premium/discount	67,759	482,684
Contribution of property	(1,920,000)	-
Changes in:		
Accounts receivable	(1,722,197)	168,606
Contributions receivable	(400,000)	-
Prepaid expenses and deposits	(51,217)	(8,279)
Accounts payable	292,505	(1,037,821)
Accrued interest	470,746	141,288
Accrued expenses	455,529	(374,638)
Net cash provided (used) by operating activities	<u>(174,063)</u>	<u>1,656,816</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(23,749,831)</u>	<u>(8,435,074)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt borrowings	39,326,629	20,032,969
Bond issuance costs paid	(689,107)	(696,833)
Principal payments on debt	<u>(1,138,341)</u>	<u>(20,533,326)</u>
Net cash provided (used) by financing activities	<u>37,499,181</u>	<u>(1,197,190)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,575,287	(7,975,448)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>10,319,286</u>	<u>18,294,734</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 23,894,573</u>	<u>\$ 10,319,286</u>
CASH AND CASH EQUIVALENTS	\$ 6,099,491	\$ 4,528,366
CASH WITH FISCAL AGENT	<u>17,795,082</u>	<u>5,790,920</u>
TOTAL	<u>\$ 23,894,573</u>	<u>\$ 10,319,286</u>
NONCASH INVESTING ACTIVITIES:		
Property and equipment financed through accounts payable	<u>\$ 84,987</u>	<u>\$ 15,518</u>
Donated property	<u>\$ 1,920,000</u>	<u>\$ -</u>
CASH PAID FOR INTEREST (Net of capitalized amount)	<u>\$ 1,854,724</u>	<u>\$ 1,594,704</u>

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

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

John Adams Academies, Inc. (the Organization), a California non-profit public benefit corporation, was incorporated on February 19, 2010 and is organized to manage, operate, guide, direct, and promote California public charter schools. The Organization is funded principally through State of California public education monies received through the California Department of Education (CDE). A Board of Directors, consisting of five board members, governs the Organization.

Charters granted to the Organization include three schools: John Adams Academy - Roseville (JAA-ROSEVILLE), charter number 2061; John Adams Academy - Lincoln (JAA - LINCOLN), charter number 1715; and John Adams Academy - El Dorado Hills (JAA - EDH), charter number 1880. Charters are granted to each school for up to five years with an opportunity to request a renewal.

The charter for JAA-ROSEVILLE was originally approved by Loomis Union Elementary School District ("LUSD") (the Sponsoring District) in 2010 and received two subsequent renewals. The most recent renewal for a five-year term extended through June 30, 2020. AB 1507 eliminated the ability of a charter school to be located in a site outside the attendance boundaries of its authorizing district. Since JAA-ROSEVILLE was located outside of the boundaries of LUSD, in neighboring Roseville, the Organization submitted a new charter petition to Roseville Joint Union High School District ("RJUHSD") to transfer authorization of the existing charter school (John Adams Academy, charter #1169) from Loomis USD to RJUHSD, and to change the name from John Adams Academy to John Adams Academy - Roseville (Charter #2061). The charter for JAA-ROSEVILLE was approved by Roseville Joint Union High School District (Sponsoring District) for a five-year term Effective July 1, 2019 through June 30, 2024. The Board voted to close the John Adams Academy charter #1169 effective September 1, 2019 as per the process detailed in the charter. Net assets from charter #1169 were transferred to the new charter, #2061, at dissolution. John Adams Academy - Roseville (Charter #2061) become operational effective July 1, 2019 with the first day of instruction being August 12, 2019.

The charter for JAA-LINCOLN was originally approved by Western Placer Unified School District ("WPUSD") (Sponsoring District) in 2014 for a five-year term through June 30, 2019. On March 5, 2019 WPUSD approved the renewal of JAA-LINCOLN for a five-year term effective July 1, 2019 through June 30, 2024.

The charter for JAA-EDH was approved by El Dorado County Office of Education ("EDCOE") (the Authorizer) on February 28, 2017 for a three-year term effective July 1, 2017 through June 30, 2020. On December 13, 2019 EDCOE approved the renewal of JAA-EDH for a five-year term effective July 1, 2020 through June 30, 2025.

The charters could be revoked by the Sponsoring Districts for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. By statute all sponsoring districts receive up to 1% of the annual charter revenue for actual costs incurred related to supervisory oversight.

The Organization has established an internal operating division, the Non-Profit Services Division ("NSD"), to account for and administer the operation of the non-profit organization and the Organization's administration and funding of the operation of the Organization's various Academies ("Academies"). Neither NSD nor any Academy is a separate legal entity; each of them is an operating division of the Organization. NSD and the Academies operate under the direction and

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

supervision of the Organization's Board of Directors (the "Board"). NSD is administered by an Executive Director who supervises an Academic Services Team and a Support Services Team. The Academic Services Team oversees and supports the academic operation of the Academies. The Support Services Team oversees the non-academic operation of the Academies. Each Academy campus has an on-site support services team which reports to the NSD Support Services Team and the Academy Headmaster. NSD administers the funds of each Academy to facilitate uniform compliance with financial accounting, audit and reporting requirements throughout the Organization.

In addition to managing school operations, John Adams Academies Inc. controls two affiliated organizations that were created (in the 2017/18 fiscal year) to facilitate financing of certain school facilities and support development of charter schools. The facilities are owned and managed by two single-member limited liability companies: JAA El Dorado Hills Holdings, LLC (EDH LLC) and JAA Lincoln Holdings, LLC (LINC LLC). For financial reporting purposes, EDH LLC and LINC LLC are consolidated with John Adams Academies Inc. for the year ended June 30, 2020 and 2019.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of John Adams Academies, Inc. and its controlled affiliated organizations (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation. Listed below are the affiliated organizations included in these consolidated financial statements:

- **John Adams Academies, Inc.**

John Adams Academies, Inc. operated three charter schools during the 2019-20 school year. Charters were authorized for each school by an authorizing district for up to five years, with an opportunity for renewal. Charters may be revoked by the authorizing district for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2020, the charter schools authorized to John Adams Academies, Inc. were as follows:

<u>Charter School Name</u>	<u>Charter School Number</u>	<u>Authorizing District</u>	<u>*Charter Granted/ Renewed</u>	<u>Charter Expiration</u>
John Adams Academy – Roseville	2061	Roseville Joint Union High School District	7/1/19	6/30/24
John Adams Academy - Lincoln	1715	Western Placer Unified	7/1/19	6/30/24
John Adams Academy - El Dorado Hills	1880	El Dorado COE	7/1/20	6/30/25

* Start of school year following charter petition approved or the most recent renewal date.
El Dorado Hills and Lincoln schools began operations in the 2017/18 school year.

The oversight Districts receive up to 1% of the annual charter revenue for supervisory oversight. Through June 30, 2020, the Organization had separately negotiated MOUs with the authorizing districts for some of the following costs depending on authorizer: administrative fees, transportation expenses, and other services. Fees paid to the authorizing districts totaled \$113,048 and \$123,350 for the years ended June 30, 2020 and 2019, respectively.

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

- **JAA El Dorado Hills Holdings, LLC** – EDH LLC was formed to own, manage, and lease properties to the Organization's El Dorado Hills charter school. EDH LLC built a facility to lease to John Adams Academy – El Dorado Hills. EDH LLC is the named borrower of the 2017 and 2018 Series bonds outstanding (see Note 5).
- **JAA Lincoln Holdings, LLC** – LINC LLC was formed to own, manage, and lease properties to the Organization's Lincoln charter school. LINC LLC is currently constructing a new facility to lease to John Adams Academy – Lincoln. LINC LLC is the named borrower of the 2019 Series bonds outstanding (see Note 5).

Basis of accounting and financial statement presentation – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents – The Organization considers investments with maturity at purchase of three months or less to be cash equivalents.

Accounts receivable represent consideration from state and local government agencies, of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Contributions receivable represent private contributions due to the Organization in future periods. As of June 30, 2020, all amounts outstanding are expected to be collected within one year therefore no discount was applied.

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 30 years.

Revenue recognition – Program service fees and are recognized as revenue when the services are performed. Payments received in advance are deferred to the applicable period in which the related services are performed.

Payments under cost-reimbursable federal or state grants are recognized as revenue in the applicable period in which the qualifying expenses are incurred.

Contributions are recognized when cash, or other assets, or an unconditional promise to give is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

restrictions. Restricted contributions that were initially classified as conditional due to a qualifying expense barrier are recognized as net assets without donor restrictions since the restriction is met simultaneously when the condition is released and the revenue is recognized.

Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. During the year ended June 30, 2020, John Adams Academy Lincoln received donated land valued at \$1,920,000. During the year ended June 30, 2019, the Organization did not receive any significant contributions of property and equipment.

Donated materials and services – In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded when they create or enhance non-financial assets or require a specialized skill that the Organization would otherwise need to purchase. During the years ended June 30, 2020 and 2019, the Organization did not receive any significant contributions of materials or services.

Income taxes – The Organization is publicly supported and has received tax-exempt status under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. There is no unrelated taxable income and, accordingly, there is no provision for income taxes in these financial statements.

Functional allocation of expenses – The costs of providing program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, which are allocated based on employees' time and effort, as well as insurance and shared software costs, which are allocated based management's estimate of usage of resources.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements – In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending June 30, 2021. The Organization is currently evaluating the impact this pronouncement will have on the financial statements.

Subsequent events have been reviewed through November 6, 2020, the date the consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2020 that require recognition or disclosure in the consolidated financial statements.

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Deposits with fiscal agent	\$ 17,795,082	\$ 5,790,920
Deposits with financial institutions	<u>6,099,491</u>	<u>4,528,366</u>
Total cash and cash equivalents	<u>\$ 23,894,573</u>	<u>\$ 10,319,286</u>

Cash with Fiscal Agent

Cash with fiscal agent consists of amounts that are required to be held for debt service reserves, project funds, and for principal and interest payments with respect to the bonds outstanding. The total cash with fiscal agent at June 30, 2020 and 2019 was \$17,795,082 and \$5,790,920, respectively, and is considered restricted cash. The current portion of \$4,161,114 and \$1,213,809 as of June 30, 2020 and 2019, respectively, consisted of maintenance funds for the building, and amounts for current debt service obligations. The noncurrent portion of \$13,633,968 as of June 30, 2020 consisted of \$5,192,481 for debt service reserves to be held until bond maturity and \$8,441,487 in a project fund for investment in property and equipment. The noncurrent portion of \$4,577,111 as of June 30, 2019 consisted of \$3,082,428 for debt service reserves to be held until bond maturity and \$1,494,683 in a project fund for investment in property and equipment.

Concentrations of Cash

The Organization maintains all of its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization deposits held with financial institutions in excess of federally insured limits were \$23,209,403 and \$9,678,141 as of June 30, 2020 and 2019, respectively. The Organization has not experienced any losses in such accounts and Management believes the Organization is not exposed to any significant credit risk related to cash.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 23,894,573	\$ 10,319,286
Accounts receivable	2,909,062	1,186,865
Contributions receivable	<u>400,000</u>	<u>-</u>
Total financial assets available to management	27,203,635	11,506,151
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Cash held by fiscal agent, restricted	(17,795,082)	(5,790,920)
Restricted by donors with purpose restrictions	<u>(457,536)</u>	<u>(183,496)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 8,951,017</u>	<u>\$ 5,531,735</u>

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

The Organization has structured its financial assets to ensure cash needs for general expenditures are met by maintaining a sufficient cash balance on hand. The Organization also maintains a line of credit up to \$200,000, which it can draw on if needed to meet its obligations.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 10,247,344	\$ 4,221,168
Building	32,742,289	32,742,289
Building and land improvements	2,722,520	2,246,335
Leasehold improvements	19,101	
Construction in progress	18,930,402	91,084
Equipment	1,686,287	1,292,249
Software	5,100	5,100
Subtotal	66,353,043	40,598,225
Less accumulated depreciation	(4,743,160)	(3,317,549)
Property and equipment, net	<u>\$ 61,609,883</u>	<u>\$ 37,280,676</u>

Depreciation expense was \$1,425,611 and \$1,199,338 for the years ended June 30, 2020 and 2019, respectively. Various components of the land, buildings, and schools under construction shown above are pledged as collateral for the bond debt disclosed in Note 5.

5. DEBT

The Organization has the following debt obligations:

	<u>2020</u>	<u>2019</u>
Line of Credit with a limit of \$200,000, with an interest rate of 4.00%. The line of credit matures April 21, 2021.	\$ 200,000	\$ 200,000
Revenue Bond Series 2019 A & B for \$34,935,000, issued on December 1, 2019; with 5 bonds and bearing interest rates ranging from 4.00% to 5.00%. Principal payments ranging from \$400,000 to \$2,025,000 are due annually. Final maturity is in 2057. Associated with this bond is a bond premium of \$1,602,418 and debt issuance costs of \$682,308, which are being amortized to interest expense over the term of the bond series.	34,935,000	-
Revenue Bond Series <u>2018</u> A & B for \$19,500,000, issued on July 15, 2018; with 4 bonds and bearing interest rates ranging from 5.00% to 5.75%. Principal payments ranging from \$290,000 to \$2,615,000 are due annually. Final maturity is in 2048. Associated with this bond is a bond discount of \$67,031 and debt issuance costs of \$696,833, which are being amortized to interest expense over the term of the bond series.	19,500,000	19,500,000

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenue Bond Series 2017 A & B for \$4,565,000, issued on December 28, 2017; with 2 bonds and bearing interest rates ranging from 5.00% to 5.50%. Principal payments ranging from \$50,000 to \$285,000 are due annually. Final maturity is in 2047. Associated with this bond is a bond premium of \$60,459 and debt issuance costs of \$313,555, which are being amortized to interest expense over the term of the bond series.	4,445,000	4,515,000
California School Finance Authority loan for El Dorado Hills school site for \$250,000, issued on October 10, 2017; bearing interest rate of 1.13%. Principal payments of \$83,333 are due annually. Final maturity is in 2021.	83,344	166,674
California School Finance Authority loan for Lincoln school site for \$250,000, issued on October 10, 2017; bearing interest rate of 1.13%. Principal payments of \$125,000 are due annually. Final maturity was in 2020.	-	125,000
Revenue Bond Series 2015 A & B for \$11,655,000, issued on July 1, 2015; with 6 bonds and bearing interest rates ranging from 3.50% to 5.25%. Principal payments ranging from \$200,000 to \$740,000 are due annually. Final maturity is in 2045. Associated with this bond is a bond discount of \$30,000 and debt issuance costs of \$368,838, which are being amortized to interest expense over the term of the bond series.	11,030,000	11,245,000
Revenue Bond Series 2014 A & B for \$8,980,000, issued on October 17, 2014; with 5 bonds and bearing interest rates ranging from 3.15% to 5.40%. Principal payments ranging from \$140,000 to \$550,000 are due annually. Final maturity is in 2044. Associated with this bond is a bond premium of \$82,280 and debt issuance costs of \$416,655, which are being amortized to interest expense over the term of the bond series.	<u>8,190,000</u>	<u>8,360,000</u>
Subtotal	78,383,344	44,111,674
Unamortized premium/discount and debt issuance costs	(593,227)	(1,574,297)
Less current portion of principal	<u>(758,344)</u>	<u>(863,330)</u>
Total long-term debt	<u>\$ 77,031,773</u>	<u>\$ 41,674,047</u>

Total interest costs of \$3,335,528 and \$2,214,929 were incurred for the years ended June 30, 2020 and 2019, respectively. Interest costs of \$889,059 and \$385,277 related to debt acquired to construct facilities was capitalized into the cost of the project for the years ended June 30, 2020 and 2019, respectively.

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Future payments relating to debt are as follows as of June 30:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 758,344	\$ 4,000,532	\$ 4,758,876
2022	785,000	3,980,561	4,765,561
2023	1,225,000	3,942,184	5,167,184
2024	1,280,000	3,882,498	5,162,498
2025	1,350,000	3,820,242	5,170,242
Thereafter	72,985,000	64,468,147	137,453,147
Total	<u>\$ 78,383,344</u>	<u>\$ 84,094,164</u>	<u>\$ 162,477,508</u>

The Organization must meet several financial covenants as a requirement of the Bonds outstanding and was in compliance with all covenants as of June 30, 2020.

6. PAYCHECK PROTECTION PROGRAM LOAN

On June 4, 2020, the Organization received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$2,314,200. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPPFA) signed into law in June 2020. Under the CARES Act, as modified by PPPFA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The portion of the loan that does not qualify for forgiveness or any additional amount that the Organization chooses to retain as a loan, is required to be repaid within 2 years at 1% interest.

The Organization anticipates applying for forgiveness, however the application for loan forgiveness is subject to approval by the lender and could also be subject to audit at a future date. It is possible that the entire loan could be required to be repaid. The timing of possible repayments, if any, is expected to begin 10 months after the end of the loan forgiveness covered period.

7. LEASE COMMITMENTS

Operating leases

The Organization leases office space and equipment under various non-cancellable operating lease agreements. Rental expense under these operating leases for the years ended June 30, 2020 and 2019 was \$56,406 and \$47,216, respectively.

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Future minimum payments relating to operating leases as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 129,750
2022	132,197
2023	144,292
2024	147,588
2025	152,021
Thereafter	<u>826,304</u>
Total	<u>\$ 1,532,152</u>

8. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a 403(b) Plan covering all eligible employees of the Organization. The Organization contributes to the Plan 3% of each eligible participant's compensation and matches up to 4% of each employee's contribution. Contributions of \$463,333 and \$394,901 were accrued or paid to the plan for the years ended June 30, 2020 and 2019, respectively. The June 30, 2019 Plan filing is delinquent to the IRS.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Purpose restricted:		
Lincoln Campus Facility	\$ 1,920,000	\$ -
Lincoln Campus Sports Field	400,000	-
COVID-19 LEA Response Funds	40,829	-
Classified School Employee Professional Development Block Grant	16,257	16,257
Special Education – Mental Health	450	-
Low Performing Student Block Grant	-	89,898
California Clean Energy Jobs Act Funds	-	76,243
Art and Music	-	<u>1,098</u>
Total	<u>\$ 2,377,536</u>	<u>\$ 183,496</u>

10. CONTINGENCIES

The Organization has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

JOHN ADAMS ACADEMIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

11. RISKS AND UNCERTAINTIES

In mid-March 2020 the Organization experienced disruption to its schools as they were required by public health orders to close and move to virtual learning format in response to the Coronavirus/COVID-19 pandemic. Although the disruption is expected to be temporary, the Organization anticipates some financial impact due to the pandemic. The financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION JUNE 30, 2020

ASSETS	John Adams Academy - Roseville	John Adams Academy - Lincoln	John Adams Academy - El Dorado Hills	NSD	Total John Adams Academies, Inc.	Lincoln - LLC	El Dorado Hills - LLC	Eliminations	Total Consolidated
CURRENT ASSETS:									
Cash and cash equivalents	\$ 1,484,257	\$ 793,570	\$ 1,428,218	\$ 2,287,132	\$ 5,993,177	\$ 105,692	\$ 622	\$ -	\$ 6,099,491
Accounts receivable	1,729,609	245,749	933,704	-	2,909,062	-	-	-	2,909,062
Contributions receivable	-	400,000	-	-	400,000	-	-	-	400,000
Due from other sites	1,343,562	-	-	790,780	2,134,342	-	-	(2,134,342)	-
Cash with fiscal agent	913,469	-	-	-	913,469	2,962,709	284,936	-	4,161,114
Prepaid expenses and deposits	37,009	8,860	1,349	51,351	98,569	5,100	-	-	103,669
Total current assets	<u>5,507,906</u>	<u>1,448,179</u>	<u>2,363,271</u>	<u>3,129,263</u>	<u>12,448,619</u>	<u>3,073,501</u>	<u>285,558</u>	<u>(2,134,342)</u>	<u>13,673,336</u>
NON-CURRENT ASSETS:									
Deposits	-	-	-	14,639	14,639	-	-	-	14,639
Cash with fiscal agent	1,958,674	-	-	-	1,958,674	9,721,654	1,953,640	-	13,633,968
Property and equipment, net	20,623,683	2,213,859	141,600	95,290	23,074,434	22,688,802	15,846,647	-	61,609,883
TOTAL ASSETS	<u>\$28,090,265</u>	<u>\$ 3,662,038</u>	<u>\$ 2,504,871</u>	<u>\$ 3,239,192</u>	<u>\$37,496,366</u>	<u>\$35,483,957</u>	<u>\$18,085,845</u>	<u>\$ (2,134,342)</u>	<u>\$88,931,826</u>
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES:									
Accounts payable	\$ 280,661	\$ 281,319	\$ 143,302	\$ 243,468	\$ 948,750	\$ 13,850	\$ 979	\$ -	\$ 963,579
Due to other sites	-	440,923	1,536,825	-	1,977,748	135,605	20,989	(2,134,342)	-
Accrued interest	338,771	-	-	-	338,771	431,462	273,197	-	1,043,430
Accrued expenses	276,364	28,089	43,330	383,735	731,518	18,301	-	-	749,819
Current portion of debt	475,000	-	268,344	15,000	758,344	-	-	-	758,344
Total current liabilities	<u>1,370,796</u>	<u>750,331</u>	<u>1,991,801</u>	<u>642,203</u>	<u>4,755,131</u>	<u>599,218</u>	<u>295,165</u>	<u>(2,134,342)</u>	<u>3,515,172</u>
LONG-TERM LIABILITIES:									
Debt, net	22,411,036	-	-	-	22,411,036	35,830,233	18,790,504	-	77,031,773
Paycheck Protection Program loan	-	-	-	2,314,200	2,314,200	-	-	-	2,314,200
TOTAL LIABILITIES	<u>23,781,832</u>	<u>750,331</u>	<u>1,991,801</u>	<u>2,956,403</u>	<u>29,480,367</u>	<u>36,429,451</u>	<u>19,085,669</u>	<u>(2,134,342)</u>	<u>82,861,145</u>
NET ASSETS:									
Without donor restrictions	4,271,415	586,078	498,181	282,789	5,638,463	(945,494)	(999,824)	-	3,693,145
With donor restrictions	37,018	2,325,629	14,889	-	2,377,536	-	-	-	2,377,536
Total net assets (deficit)	<u>4,308,433</u>	<u>2,911,707</u>	<u>513,070</u>	<u>282,789</u>	<u>8,015,999</u>	<u>(945,494)</u>	<u>(999,824)</u>	<u>-</u>	<u>6,070,681</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$28,090,265</u>	<u>\$ 3,662,038</u>	<u>\$ 2,504,871</u>	<u>\$ 3,239,192</u>	<u>\$37,496,366</u>	<u>\$35,483,957</u>	<u>\$18,085,845</u>	<u>\$ (2,134,342)</u>	<u>\$88,931,826</u>

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS:	John Adams Academy - Roseville	John Adams Academy - Lincoln	John Adams Academy - El Dorado Hills	NSD	Total John Adams Academies, Inc.	Lincoln - LLC	El Dorado Hills - LLC	Eliminations	Total Consolidated
REVENUES:									
Federal revenue	\$ 264,677	\$ 33,236	\$ 76,965	\$ -	\$ 374,878	\$ -	\$ -	\$ -	\$ 374,878
State revenue:									
State aid portion of general purpose funding	3,990,391	659,186	4,598,571	-	9,248,148	-	-	-	9,248,148
Lottery revenue	213,027	36,725	123,360	-	373,112	-	-	-	373,112
All other state revenue	5,354	3,755	8,884	-	17,993	-	-	-	17,993
Local revenue:									
Cash in-lieu of property taxes	8,439,156	1,285,338	1,358,672	-	11,083,166	-	-	-	11,083,166
Contributions and other local revenue	311,401	25,376	220,295	3,747	560,819	28,940	3,756	-	593,515
Rental income	-	-	-	-	-	-	1,105,460	(1,105,460)	-
Net assets released from restrictions	1,260,971	178,512	567,060	-	2,006,543	-	-	-	2,006,543
Total revenues	14,484,977	2,222,128	6,953,807	3,747	23,664,659	28,940	1,109,216	(1,105,460)	23,697,355
EXPENSES:									
Program expenses:									
Educational programs	13,044,309	2,431,895	6,340,753	-	21,816,957	26,578	1,677,773	(1,105,460)	22,415,848
Supporting services:									
Management and general	-	-	-	2,252,042	2,252,042	-	-	-	2,252,042
Fundraising	1,825	-	14,479	-	16,304	-	-	-	16,304
Total expenses	13,046,134	2,431,895	6,355,232	2,252,042	24,085,303	26,578	1,677,773	(1,105,460)	24,684,194
TRANSFERS TO (FROM)	1,191,659	(796,168)	491,707	(1,834,897)	(947,699)	947,699	-	-	-
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	247,184	586,401	106,868	(413,398)	527,055	(945,337)	(568,557)	-	(986,839)
NET ASSETS WITH DONOR RESTRICTIONS:									
Restricted contributions	-	2,320,000	-	-	2,320,000	-	-	-	2,320,000
Restricted state entitlements	1,118,170	182,502	579,911	-	1,880,583	-	-	-	1,880,583
Net assets released from restrictions	(1,260,971)	(178,512)	(567,060)	-	(2,006,543)	-	-	-	(2,006,543)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(142,801)	2,323,990	12,851	-	2,194,040	-	-	-	2,194,040
INCREASE (DECREASE) IN NET ASSETS	104,383	2,910,391	119,719	(413,398)	2,721,095	(945,337)	(568,557)	-	1,207,201
NET ASSETS (DEFICIT), Beginning of year	4,204,050	1,316	393,351	696,187	5,294,904	(157)	(431,267)	-	4,863,480
NET ASSETS (DEFICIT), End of year	\$ 4,308,433	\$ 2,911,707	\$ 513,070	\$ 282,789	\$ 8,015,999	\$ (945,494)	\$ (999,824)	\$ -	\$ 6,070,881

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		
	Educational	Management		Total
John Adams Academy - Roseville	programs	and general	Fundraising	expenses
Certificated salaries	\$ 5,500,970	\$ -	\$ -	\$ 5,500,970
Classified salaries	1,735,931	-	-	1,735,931
Employee benefits	1,718,439	-	-	1,718,439
Interest expense	1,298,232	-	-	1,298,232
Professional and consulting fees	626,415	-	1,825	628,240
Depreciation	822,670	-	-	822,670
Books and supplies	423,328	-	-	423,328
Operations and housekeeping	323,168	-	-	323,168
Rent, leases, and repairs	109,615	-	-	109,615
Communications and technology	148,613	-	-	148,613
Insurance	79,060	-	-	79,060
Food	107,427	-	-	107,427
Professional development	69,564	-	-	69,564
Travel and conferences	34,639	-	-	34,639
Field trips	25,907	-	-	25,907
Dues and memberships	17,056	-	-	17,056
Subcontracted services	3,275	-	-	3,275
Other operating expenses	-	-	-	-
Total expenses	<u>\$ 13,044,309</u>	<u>\$ -</u>	<u>\$ 1,825</u>	<u>\$ 13,046,134</u>

	Program Services	Supporting Services		
	Educational	Management		Total
John Adams Academy - Lincoln	programs	and general	Fundraising	expenses
Certificated salaries	\$ 781,290	\$ -	\$ -	\$ 781,290
Classified salaries	334,205	-	-	334,205
Employee benefits	227,284	-	-	227,284
Interest expense	1,207	-	-	1,207
Professional and consulting fees	532,748	-	-	532,748
Depreciation	22,969	-	-	22,969
Books and supplies	140,651	-	-	140,651
Operations and housekeeping	37,528	-	-	37,528
Rent, leases, and repairs	256,249	-	-	256,249
Communications and technology	36,422	-	-	36,422
Insurance	12,587	-	-	12,587
Food	9,451	-	-	9,451
Professional development	24,823	-	-	24,823
Travel and conferences	8,470	-	-	8,470
Field trips	5,770	-	-	5,770
Dues and memberships	241	-	-	241
Subcontracted services	-	-	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>\$ 2,431,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,431,895</u>

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		
	Educational programs	Management and general	Fundraising	Total expenses
John Adams Academy - El Dorado Hills				
Certificated salaries	\$ 2,508,119	\$ -	\$ -	\$ 2,508,119
Classified salaries	715,606	-	-	715,606
Employee benefits	677,348	-	-	677,348
Interest expense	4,745	-	-	4,745
Professional and consulting fees	349,328	-	-	349,328
Depreciation	24,855	-	-	24,855
Books and supplies	343,511	-	14,479	357,990
Operations and housekeeping	291,297	-	-	291,297
Rent, leases, and repairs	1,201,527	-	-	1,201,527
Communications and technology	84,310	-	-	84,310
Insurance	38,592	-	-	38,592
Food	24,846	-	-	24,846
Professional development	19,663	-	-	19,663
Travel and conferences	14,724	-	-	14,724
Field trips	40,636	-	-	40,636
Dues and memberships	1,646	-	-	1,646
Subcontracted services	-	-	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>\$ 6,340,753</u>	<u>\$ -</u>	<u>\$ 14,479</u>	<u>\$ 6,355,232</u>

	Program Services	Supporting Services		
	Educational programs	Management and general	Fundraising	Total expenses
John Adams Academy - NSD				
Certificated salaries	\$ -	\$ 181,204	\$ -	\$ 181,204
Classified salaries	-	1,130,219	-	1,130,219
Employee benefits	-	289,981	-	289,981
Interest expense	-	212	-	212
Professional and consulting fees	-	402,606	-	402,606
Depreciation	-	15,462	-	15,462
Books and supplies	-	39,484	-	39,484
Operations and housekeeping	-	-	-	-
Rent, leases, and repairs	-	65,115	-	65,115
Communications and technology	-	44,886	-	44,886
Insurance	-	28,333	-	28,333
Food	-	107	-	107
Professional development	-	27,027	-	27,027
Travel and conferences	-	23,619	-	23,619
Field trips	-	-	-	-
Dues and memberships	-	2,052	-	2,052
Subcontracted services	-	1,400	-	1,400
Other operating expenses	-	335	-	335
Total expenses	<u>\$ -</u>	<u>\$ 2,252,042</u>	<u>\$ -</u>	<u>\$ 2,252,042</u>

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

<u>Lincoln - LLC</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total expenses</u>
	<u>Educational programs</u>	<u>Management and general</u>	<u>Fundraising</u>	
Certificated salaries	\$ -	\$ -	\$ -	\$ -
Classified salaries	-	-	-	-
Employee benefits	-	-	-	-
Interest expense	10,156	-	-	10,156
Professional and consulting fees	16,197	-	-	16,197
Depreciation	225	-	-	225
Books and supplies	-	-	-	-
Operations and housekeeping	-	-	-	-
Rent, leases, and repairs	-	-	-	-
Communications and technology	-	-	-	-
Insurance	-	-	-	-
Food	-	-	-	-
Professional development	-	-	-	-
Travel and conferences	-	-	-	-
Field trips	-	-	-	-
Dues and memberships	-	-	-	-
Subcontracted services	-	-	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>\$ 26,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,578</u>

<u>El Dorado Hills - LLC</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total expenses</u>
	<u>Educational programs</u>	<u>Management and general</u>	<u>Fundraising</u>	
Certificated salaries	\$ -	\$ -	\$ -	\$ -
Classified salaries	-	-	-	-
Employee benefits	-	-	-	-
Interest expense	1,131,917	-	-	1,131,917
Professional and consulting fees	3,499	-	-	3,499
Depreciation	539,430	-	-	539,430
Books and supplies	2	-	-	2
Operations and housekeeping	-	-	-	-
Rent, leases, and repairs	-	-	-	-
Communications and technology	-	-	-	-
Insurance	-	-	-	-
Food	-	-	-	-
Professional development	-	-	-	-
Travel and conferences	-	-	-	-
Field trips	-	-	-	-
Dues and memberships	2,925	-	-	2,925
Subcontracted services	-	-	-	-
Other operating expenses	-	-	-	-
Total expenses	<u>\$ 1,677,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,677,773</u>

JOHN ADAMS ACADEMIES, INC.

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services	
Eliminations	Educational programs	Management and general	Fundraising
Total expenses			
Certificated salaries	\$ -	\$ -	\$ -
Classified salaries	-	-	-
Employee benefits	-	-	-
Interest expense	-	-	-
Professional and consulting fees	-	-	-
Depreciation	-	-	-
Books and supplies	-	-	-
Operations and housekeeping	-	-	-
Rent, leases, and repairs	(1,105,460)	-	-
Communications and technology	-	-	-
Insurance	-	-	-
Food	-	-	-
Professional development	-	-	-
Travel and conferences	-	-	-
Field trips	-	-	-
Dues and memberships	-	-	-
Subcontracted services	-	-	-
Other operating expenses	-	-	-
Total expenses	\$ (1,105,460)	\$ -	\$ -

	Program Services	Supporting Services	
Total	Educational programs	Management and general	Fundraising
Total expenses			
Certificated salaries	\$ 8,790,379	\$ 181,204	\$ -
Classified salaries	2,785,742	1,130,219	-
Employee benefits	2,623,071	289,981	-
Interest expense	2,446,257	212	-
Professional and consulting fees	1,528,187	402,606	1,825
Depreciation	1,410,149	15,462	-
Books and supplies	907,492	39,484	14,479
Operations and housekeeping	651,993	-	-
Rent, leases, and repairs	461,931	65,115	-
Communications and technology	269,345	44,886	-
Insurance	130,239	28,333	-
Food	141,724	107	-
Professional development	114,050	27,027	-
Travel and conferences	57,833	23,619	-
Field trips	72,313	-	-
Dues and memberships	21,868	2,052	-
Subcontracted services	3,275	1,400	-
Other operating expenses	-	335	-
Total expenses	\$ 22,415,848	\$ 2,252,042	\$ 16,304

JOHN ADAMS ACADEMIES, INC.

ORGANIZATION, GOVERNING BOARD, AND ADMINISTRATION JUNE 30, 2020

ORGANIZATION

John Adams Academies, Inc. (the Organization) was incorporated on February 19, 2010 and is organized to manage, operate, guide, direct, and promote California charter schools, including John Adams Academy - Roseville, John Adams Academy – Lincoln, and John Adams Academy – El Dorado Hills (charter school number 2061, 1715, and 1880 respectively).

The Organization supervises the activities and financial affairs of the charter schools to ensure the requirements of the California Education Code are met.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dean Forman	Chairman	October 2021
Tricia Nielsen	Vice-Chair	October 2021
Roy Braatz	CFO	October 2021
John Brennen	Secretary	November 2020
Tamara Bennett	Board Member	December 2020

ADMINISTRATION

Joseph Benson, Executive Director

Heather Brown, Headmaster of Elementary Education

Troy Henke, Headmaster of Secondary Education

Meghan Muyanja, Assistant Headmaster (El Dorado Hills Campus)

Zeta Cammarota, Dean of Secondary Education (El Dorado Hills Campus)

Jordan Zacharia, Dean of Elementary Education (El Dorado Hills Campus)

Niki Swagerty, Dean of Elementary Education (Lincoln Campus)

Becky Yerocostas, Dean of Elementary Education (Roseville Campus)

Faith Rummelsburg, Assistant Dean of Elementary Education (Roseville Campus)

James Haskins, Assistant Dean of Secondary Education (Roseville Campus)

Chris Johnson, Assistant Dean of Secondary Education (Roseville Campus)

Randy Davis, Chief Business Officer

Norman Gonzales, Director of Outreach & Compliance Director

Aaron Adams, Director of Finance

Cindy Rowen, Director of Human Resources

JOHN ADAMS ACADEMIES, INC.

SCHEDULE OF AVERAGE DAILY ATTENDANCE JUNE 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>
Classroom-based ADA:		
John Adams Academy - Roseville		
Grades TK through 3	494.82	494.82
Grades 4 through 6	366.82	366.82
Grades 7 and 8	250.61	250.61
Grades 9 through 12	<u>291.76</u>	<u>291.76</u>
Total classroom-based ADA	<u>1,404.01</u>	<u>1,404.01</u>
John Adams Academy - Lincoln		
Grades TK through 3	139.23	139.23
Grades 4 through 6	69.88	69.88
Grades 7 through 8	<u>19.86</u>	<u>19.86</u>
Total classroom-based ADA	<u>228.97</u>	<u>228.97</u>
John Adams Academy – El Dorado Hills		
Grades TK through 3	335.13	335.13
Grades 4 through 6	236.66	236.66
Grades 7 and 8	109.62	109.62
Grade 9	<u>32.34</u>	<u>32.34</u>
Total classroom-based ADA	<u>713.75</u>	<u>713.75</u>
Combined Totals		
Grades TK through 3	969.18	969.18
Grades 4 through 6	673.36	673.36
Grades 7 and 8	380.09	380.09
Grades 9 through 12	<u>324.10</u>	<u>324.10</u>
Total classroom-based ADA	<u>2,346.73</u>	<u>2,346.73</u>

JOHN ADAMS ACADEMIES, INC.

SCHEDULE OF AVERAGE DAILY ATTENDANCE JUNE 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>
Independent study ADA:		
John Adams Academy - Roseville		
Grades TK through 3	3.43	3.43
Grades 4 through 6	2.34	2.34
Grades 7 and 8	1.76	1.76
Grades 9 through 12	<u>2.29</u>	<u>2.29</u>
Total independent study ADA	<u>9.82</u>	<u>9.82</u>
John Adams Academy - Lincoln		
Grades TK through 3	1.15	1.15
Grades 4 through 6	.38	.38
Grades 7 through 8	<u>.04</u>	<u>.04</u>
Total independent study ADA	<u>1.57</u>	<u>1.57</u>
John Adams Academy – El Dorado Hills		
Grades TK through 3	3.39	3.39
Grades 4 through 6	2.15	2.15
Grades 7 and 8	.88	.88
Grade 9	<u>.24</u>	<u>.24</u>
Total independent study ADA	<u>6.66</u>	<u>6.66</u>
Combined Totals		
Grades TK through 3	7.97	7.97
Grades 4 through 6	4.87	4.87
Grades 7 and 8	2.68	2.68
Grades 9 through 12	<u>2.53</u>	<u>2.53</u>
Total independent study ADA	<u>18.05</u>	<u>18.05</u>

JOHN ADAMS ACADEMIES, INC.

SCHEDULE OF INSTRUCTIONAL TIME JUNE 30, 2020

Effective January 1, 2000, California Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. This schedule documents the compliance of John Adams Academy with these requirements.

		2019-20 Minutes		
		Requirement	Offered	Status
John Adams Academy - Roseville				
TK and Kindergarten	177	36,000	36,225	In Compliance
Grades 1 through 3	177	50,400	56,550	In Compliance
Grade 4	177	54,000	56,550	In Compliance
Grades 5 and 6	177	54,000	57,990	In Compliance
Grades 7 through 8	177	54,000	67,065	In Compliance
Grades 9 through 12	177	64,800	68,115	In Compliance
John Adams Academy - Lincoln				
TK and Kindergarten	176	36,000	36,080	In Compliance
Grades 1 through 3	176	50,400	58,025	In Compliance
Grades 4 and 5	176	54,000	58,025	In Compliance
Grades 6 through 8	176	54,000	64,460	In Compliance
John Adams Academy – El Dorado Hills				
TK and Kindergarten	177	36,000	36,285	In Compliance
Grades 1 through 3	177	50,400	54,780	In Compliance
Grade 4	177	54,000	54,780	In Compliance
Grade 5	177	54,000	61,260	In Compliance
Grades 7 through 8	177	54,000	66,345	In Compliance
Grade 9	177	64,800	66,345	In Compliance

*In response to COVID-19, the campuses were closed for 47 instructional days (March 16 to May 28, 2020) for which they received a COVID-19 School Closure Certification from the CDE.

OTHER INDEPENDENT AUDITOR'S 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 Auditor's Report

**Board of Directors
John Adams Academies, Inc.
Roseville, 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 consolidated financial statements of John Adams Academies, Inc., a California non-profit public benefit corporation, and affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

November 6, 2020

**REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN
ACCORDANCE WITH 2019-20 GUIDE FOR ANNUAL AUDITS OF
K-12 LOCAL EDUCATION AGENCIES AND
STATE COMPLIANCE REPORTING**

Independent Auditor's Report

**Board of Directors
John Adams Academies, Inc.
Roseville, California**

Report on State Compliance

We have audited John Adams Academies, Inc. (the Organization) compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the Organization's programs identified in the below schedule for the school year ended June 30, 2020.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Organization's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on the Organization's compliance with those requirements.

In connection with the requirements referred to above, we selected and tested transactions and records to determine the Organization's compliance with the applicable programs identified below:

Compliance Requirements	Procedures Performed
SCHOOL DISTRICTS, COUNTY OFFICE OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
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
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Non-Classroom-Based Instruction/Independent Study for Charter Schools	No*
Determination of Funding for Non-Classroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

* ADA generated is not deemed significant and therefore testing was not required.

Opinion on State Compliance

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the State programs for the school year ended June 30, 2020.



GILBERT CPAs
Sacramento, California

November 6, 2020

FINDINGS AND QUESTIONED COSTS

JOHN ADAMS ACADEMIES, INC.

FINDINGS AND QUESTIONED COSTS JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> ✓ </u> No	

State Compliance:

Internal control over state programs:			
Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None Reported	
Any audit findings disclosed that are required to be reported in accordance with Audits of K-12 Local Education Agencies?	<u> </u> Yes	<u> ✓ </u> No	
Type of auditor's report issued on compliance for state programs:	Unmodified		

FINANCIAL STATEMENT FINDING

There were no financial statement findings for the year ended June 30, 2020.

STATE COMPLIANCE FINDINGS

There were no state compliance findings for the year ended June 30, 2020.

STATUS OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENT FINDINGS

There were no state compliance findings for the year ended June 30, 2019.

STATE COMPLIANCE FINDINGS

There were no state compliance findings for the year ended June 30, 2019.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEES MEETING FACT SHEET**

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Mutual Sunshine Proposal for Negotiations Regarding the Collective Bargaining Agreement between the Western Placer Unified School District (WPUSD) and The Western Placer Teacher's Association (WPTA)

AGENDA ITEM AREA:

Action

REQUESTED BY:

Gabe Simon, Ed.D. *GS*
Assistant Superintendent of Personnel Services

ENCLOSURES:

Mutual Sunshine
Proposal for WPUSD and WPTA

DEPARTMENT:

Personnel

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

Pursuant to Government Code section 3547, all proposals of the recognized employee groups and the District must be presented at a public meeting of the District. This is commonly referred to as "Sunshining" the proposals. The Western Placer Teacher's Association and the Western Placer Unified School District are both proposing negotiations under the current 2018-2021 Collective Bargaining Agreement. The District and the Western Placer Teacher's Association's mutual proposal was presented for information/discussion at the December 15, 2020 meeting. The item is now before the Board as an action item. This is a mutual sunshine proposal.

RECOMMENDATION:

Administration recommends that the Board of Trustees approve the sunshine proposal.



**WESTERN PLACER
UNIFIED SCHOOL DISTRICT**

600 Sixth Street, Suite 400, Lincoln CA 95648
Ph: 916-645-6350

Board of Trustees:

Paul Long
Brian Haley
Paul Carras
Kris Wyatt
Damian Armitage

Superintendent: Scott Leaman

VIA Electronic Mail

December 2, 2020

Barret Hess, Western Placer Teachers Association (WPTA) Negotiations Chair

**Re: WPUSD and WPTA's Mutual Sunshine Proposal for Collective Bargaining
Negotiations for the 2020-2021 School Year**

Dear Barret,

Based on recent discussions with the Western Placer Teachers Association, the District and WPTA are mutually reopening the following articles and sections:

- Article XIII: Salaries
- Article XIV: Employee Benefits
- Article 1: Agreement (intent to extend current agreement to June 30, 2022)

We look forward to working together with the WPTA Bargaining Team throughout the negotiations process.

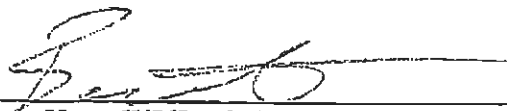
Sincerely,

Gabe Simon, Ed.D.
Assistant Superintendent of Personnel Services

Acknowledgement:

Gabe Simon, Ed.D., Assistant Superintendent
of Personnel Services

12/8/20
Date



Barrett Hess, WPTA Chief Negotiator

12/0/20

Date

CC: Scott Leaman, Superintendent (Via Email PDF)
Audrey Kilpatrick, Assistant Superintendent of Business Services (Via Email PDF)
Kerry Callahan, Deputy Superintendent of Educational Services (Via Email PDF)
Tim Allen, WPTA President

**WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEES MEETING FACT SHEET**

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

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4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Mutual Sunshine for Negotiations Regarding the
Collective Bargaining Agreement between the Western
Placer Unified School District (WPUSD) and the California
School Employees' Association: Chapter #741

AGENDA ITEM AREA:

Information/Discussion

REQUESTED BY:

Gabe Simon, Ed.D. 
Assistant Superintendent of Personnel Services

ENCLOSURES:

Mutual Collective Bargaining Sunshine
Proposal for WPUSD and CSEA Chapter
#741

DEPARTMENT:

Personnel

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

Pursuant to Government Code section 3547, all proposals of the recognized employee groups and the District must be presented at a public meeting of the District. This is commonly referred to as "Sunshining" the proposals. The California School Employees' Association: Chapter #741 and the Western Placer Unified School District are both proposing negotiations under the current 2019-2022 Collective Bargaining Agreement. The District and the California School Employees' Association: Chapter #741's mutual proposal is being presented for information/discussion. This will allow the members of the public to become informed and will give them an opportunity to express themselves regarding the proposal.

RECOMMENDATION:

Administration recommends that the Board of Trustees review the initial mutual sunshine proposal for negotiations. This proposal will be brought before the Board a second time at the next regularly scheduled meeting as an action item.



**WESTERN PLACER
UNIFIED SCHOOL DISTRICT**

600 Sixth Street, Suite 400, Lincoln CA 95649
Ph: 916-645-6350

Board of Trustees:

Paul Long
Brian Haley
Paul Carras
Kris Wyatt
Damian Armitage

Superintendent: Scott Leaman

VIA Electronic Mail

December 8, 2020

Gus Nevarez, California School Employees' Association Chapter #741 President

**Re: WPUSD and CSEA Chapter #741's Mutual Sunshine Proposal for
Collective Bargaining Negotiations for the 2020-2021 School Year**

Dear Gus,

Based on recent discussions with the CSEA Chapter #741, the District and CSEA Chapter #741 are mutually reopening the following articles and sections:

- Article VI: Salaries
- Article IV: Employee Benefits
- Article XX: Duration (intent to extend current agreement to June 30, 2023)

We look forward to working together with the CSEA Bargaining Team throughout the negotiations process.

Sincerely,

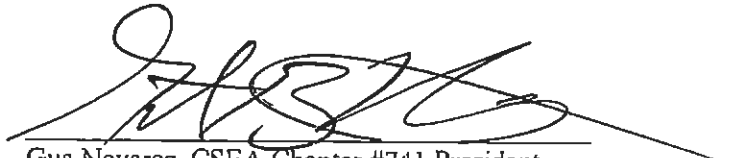
Gabe Simon, Ed.D.
Assistant Superintendent of Personnel Services

Acknowledgement:

Gabe Simon, Ed.D., Assistant Superintendent
of Personnel Services

12/8/20
Date





Gus Nevarez, CSEA Chapter #741 President

1-12-21
Date

CC: Scott Leaman, Superintendent (Via Email PDF)
Audrey Kilpatrick, Assistant Superintendent of Business Services (Via Email PDF)
Kerry Callahan, Deputy Superintendent of Educational Services (Via Email PDF)

**WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEE MEETING FACT SHEET**

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
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4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:
COVID Update

AGENDA ITEM AREA:
Information/Discussion

REQUESTED BY:
Scott Leaman, Superintendent

ENCLOSURES:
No

DEPARTMENT:
Superintendent

FINANCIAL INPUT/SOURCE:
N/A

MEETING DATE:
January 19, 2021

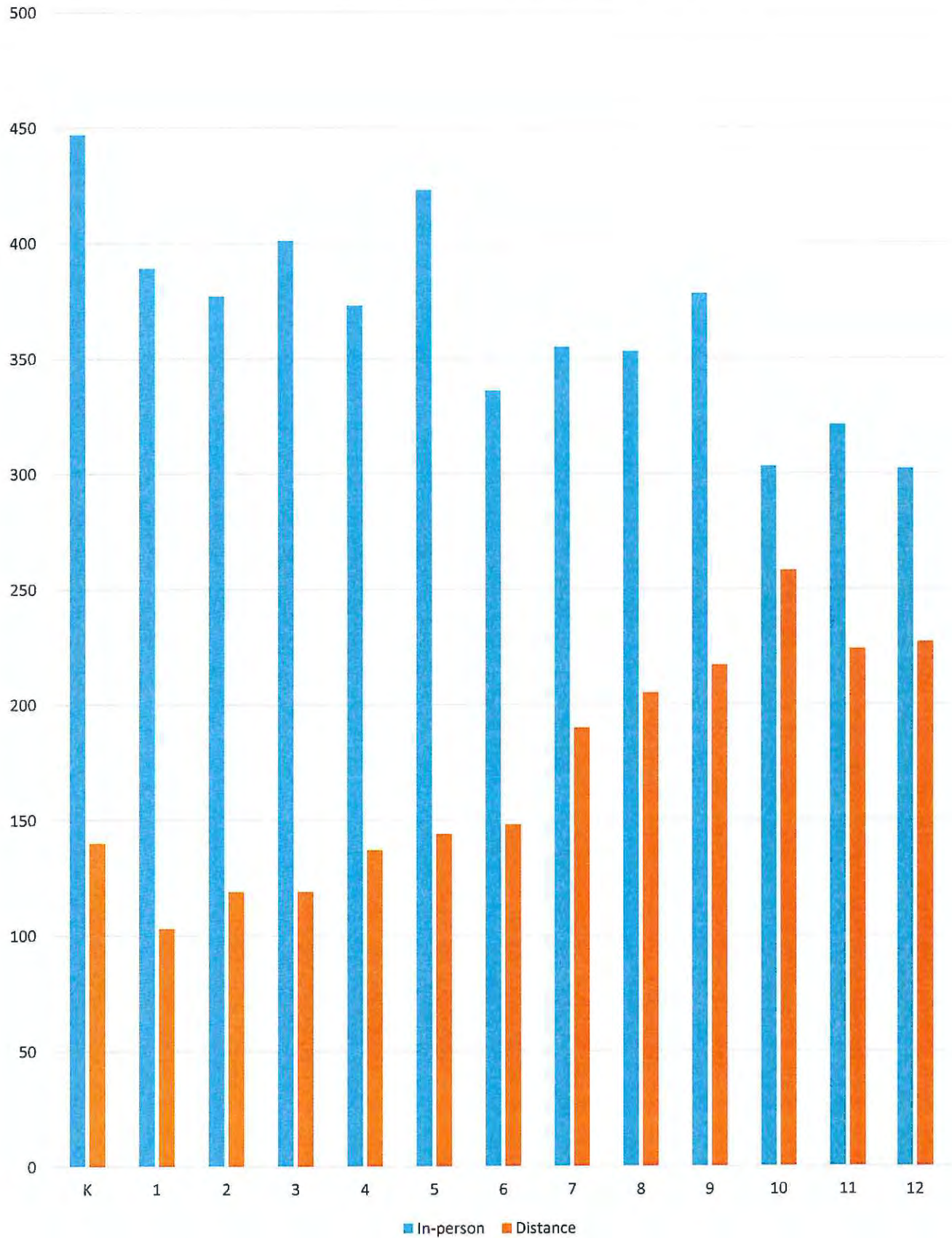
ROLL CALL REQUIRED:
No

BACKGROUND:

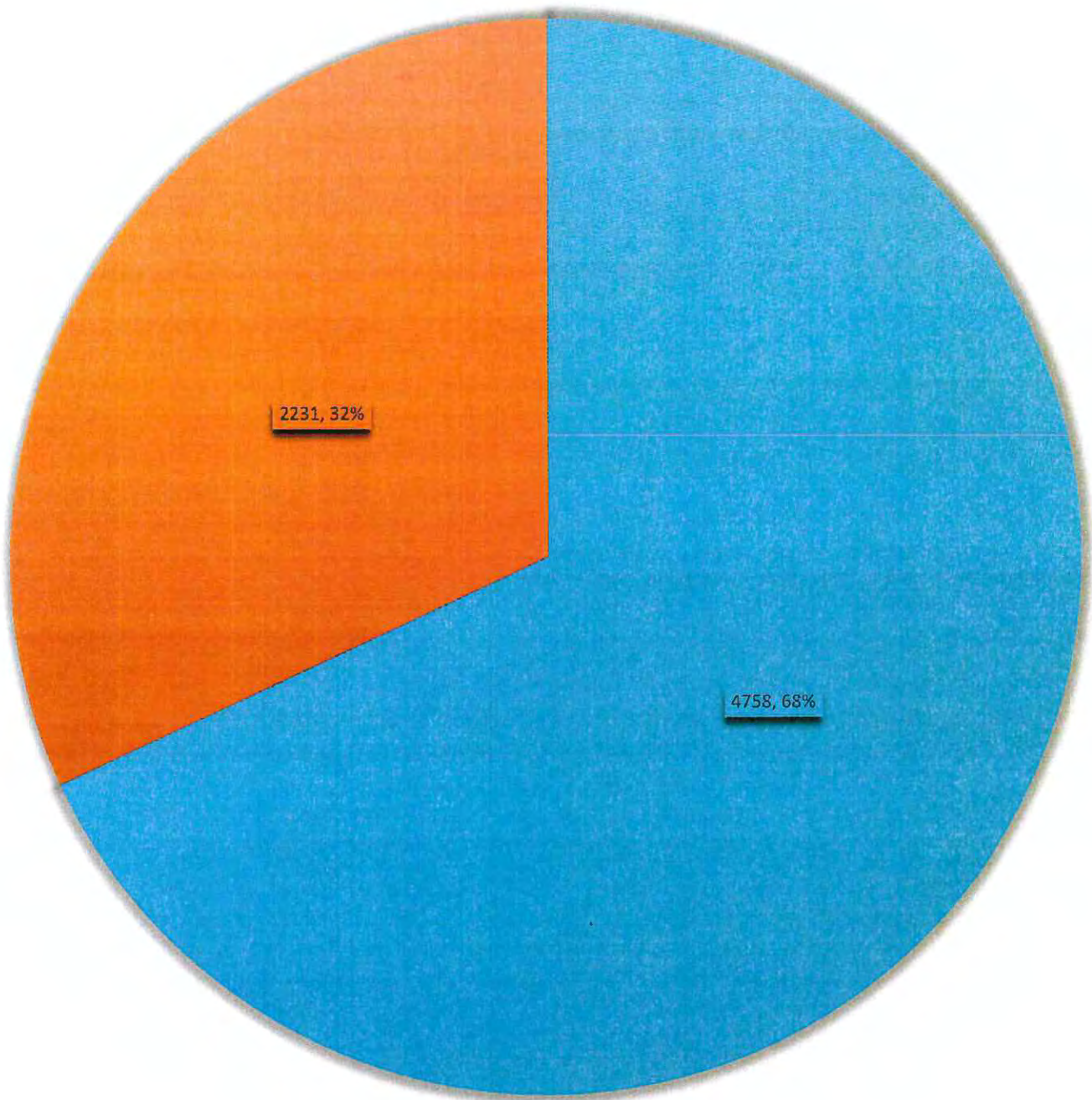
A report and data on COVID cases will be presented to the Board.

RECOMMENDATION:
No action is required on this item.

In-person Versus Distance Students January 2021



Total In-person versus Distance



■ In-person ■ Distance

**WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEE MEETING FACT SHEET**

MISSION STATEMENT: Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
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4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

SUBJECT:

Safe Schools for All Plan

AGENDA ITEM AREA:

Information/Discussion

REQUESTED BY:

Scott Leaman, Superintendent

ENCLOSURES:

No

DEPARTMENT:

Superintendent

FINANCIAL INPUT/SOURCE:

N/A

MEETING DATE:

January 19, 2021

ROLL CALL REQUIRED:

No

BACKGROUND:

The Governor unveiled his "Safe Schools for All" Plan on December 30, 2020 to assist schools in reopening. The impact on the plan, because our schools are already open, could be profound. The application to participate in the plan could be due as early as February 1, 2021. An update on the plan will be presented to the Board.

Attached are:

- California School Boards Association's description
- Powerpoint from the Governors Presentation
- A Question and Answer document from EdSource

RECOMMENDATION:

No action is required on this item.



Gov. Newsom plan proposes to open all schools by “early spring 2021”

On the morning of Dec. 30, Gov. Gavin Newsom unveiled a plan to incentivize the reopening of California public schools. During a 10:00 a.m. virtual press conference, Newsom outlined his administration’s “Safe Schools for All” plan, which contains a variety of funding and technical support measures to encourage local education agencies to resume on-campus instruction.

You can view the slides Newsom used in his presentation here:

- [Newsom presentation \(.ppt\)](#)
- [Newsom presentation \(.pdf\)](#)

Newsom stated the plan was prompted by research suggesting that, with proper mitigation efforts, a safe return to school was possible. He noted that the plan is designed to address the negative social and emotional impacts as well as the disruption to learning that can occur with prolonged periods of online instruction – particularly for younger children, low-income students, students with disabilities and other disproportionately affected populations.

As a reference for local education agencies and the public, the administration provided three documents that summarize the Safe Schools for All Plan:

- [Summary: CA Safe Schools for all plan](#)
- [Evidence Summary: TK-6 Schools and COVID-19 Transmission](#)
- [Rationale: CA's Safe Schools for All Plan](#)

In order to become law, Safe Schools for All must be approved by the Legislature. Newsom repeatedly stressed the influence of Senator Connie Leyva and Assemblymember Patrick O'Donnell in developing the plan, suggesting passage is likely. In sum, the plan is based on eight principles designed to facilitate reopening.

Funding: The Budget will propose for immediate action in January, \$2 billion for the safe reopening of schools beginning in February, with a priority for returning the youngest children (TK-2nd grade) and those who are most disproportionately impacted first, then returning other grade levels to in-person instruction through the spring. These funds will provide approximately \$450 per student to school districts offering in-person instruction and will be weighted for districts serving students from low-income families, English learners and foster youth.

Safety & Mitigation: To further ensure health and safety in the classroom, the Administration will focus on implementation of key measures, including testing, PPE, contact tracing, and vaccinations.

Testing: The Administration will support frequent COVID-19 testing for all school staff and students, including weekly testing at schools in communities with high rates of transmission. For example, any interested public school will be on-boarded to the state-owned Valencia Branch Lab for PCR tests at one-third the market rate and the State will establish a hotline to help schools implement testing.

PPE: All staff and students in schools are required to wear masks. Furthermore, surgical masks will be recommended for school staff, and the Administration will distribute millions of surgical masks to schools at no cost. The Administration has also enabled schools to leverage state-negotiated master contracts for PPE to reduce costs and streamline supply chains.

Contact Tracing: Schools will continue to be on-boarded onto the School Portal for Outbreak Tracking (SPOT) to improve collaboration between school and health officials, and members of the state contact tracing workforce will be deployed to improve communication with schools.

Vaccinations: School staff will be prioritized in the distribution of vaccines through the spring of 2021.

Oversight & Assistance: Dr. Naomi Bardach, a UCSF pediatrician and expert on COVID-19 transmission in schools, will lead the Safe Schools for All Team, a cross-agency team composed of dedicated staff from CDPH, Cal/OSHA, and educational agencies. The Team will provide hands-on support to help schools develop and implement their COVID-19 Safety Plans. These supports include school visits and walk-throughs as warranted, webinars and training materials, and ongoing technical assistance.

Transparency & Accountability: A state dashboard will enable all Californians to see their school's reopening status, level of available funding, and data on in-school transmissions. Additionally, a web-based "hotline" will empower school staff and parents to report concerns to the Safe Schools for All Team, which will lead to escalating levels of intervention, starting with technical assistance and ending with legal enforcement.

These principles are intended to allow for a phased return to in-person instruction that prioritizes younger students and those disproportionately impacted by distance learning and paves the way for a full return to school with safety measures in place. Newsom stated the administration's goal is for "all communities to be back on-campus" in early spring 2021, although distance learning would remain an option for families that prefer that mode of instruction.

During the question and answer portion of the press conference, State Board of Education President Linda Darling Hammond also alluded to the possibility of some kind of formal instruction continuing beyond the normal end of the school year. We anticipate that more details on this and other aspects of the school reopening plan will be contained in the Governor's 2021-22 Budget Proposal, which Newsom is expected to present on January 8, 2021.

CSBA has already provided initial feedback on the plan and will continue that dialogue. We remain committed to resuming in-person instruction when it is safe to do so in a local context, recognizing that needs and circumstances vary greatly in California's more than 1,000 school districts and county offices of education. We will continue to press for the funding, resources, staffing and expertise required to meet the challenges of your local schools and will provide further updates as more information becomes available.

Additional Resources:

The Valencia Lab webpage on testing.covid19.ca.gov now has a specific section regarding schools: <https://testing.covid19.ca.gov/valencia-branch-laboratory/#become>.

This site includes:

- A [one-pager on Schools and the Valencia Lab](#)
- An [interest form](#) that districts and schools can fill out and submit online

Finally, Version 3.0 of the CDPH Valencia Branch Laboratory Playbook, which includes components for schools, is posted at: <https://testing.covid19.ca.gov/wp-content/uploads/sites/332/2020/11/CDPH-Valencia-Branch-Laboratory-Playbook.pdf>





CALIFORNIA'S COVID-19 RESPONSE

December 30, 2020

**While California continues to
address the COVID-19 surge, it's
never too soon to get more
students back in the classroom.**

California's Bottom Line

Learning is non-negotiable.

Neither is safety.

In-School Transmission

Safety and mitigation measures can help prevent transmission in schools.

Transmission among, or from, younger students is not common.

In-School Transmission

In a CDC study of kids with positive and negative COVID tests across two states, going to school was not associated with a higher risk of getting COVID-19.

Lowering Transmission: Safety and Mitigation

Extensive evidence shows safety & mitigation measures lead to lower risk of transmission:

- **Masks, physical distancing, small & stable groups, washing hands, ventilation, screenings**
- **Each layer provides additional protection and, when used together, can reduce transmission**
- **Schools that have not required these measures have seen 2.5x more outbreaks than those that do**

Health Benefits of In-Person Learning

In-person instruction can help the well-being of our students and can lead to:

- **Decreased anxiety and depression**
- **Lower rates of undetected child abuse and neglect**
- **Higher rates of immunizations**
- **Other positive indicators of public health and wellbeing**

State Measures Currently in Place

Current Guidance

- **State safety guidance (first issued in May) requires schools to develop & implement plans with key precautions**
- **Schools apply for waivers to resume in-person learning in elementary grades when in the purple tier (Widespread)**
 - **Schools create a safety plan, post online, work with parent & labor groups, submit plan to local health department for approval, and reopen 14 days later**

State Measures Currently in Place

Current State Supports

- Each school received an average of \$645,000 for COVID-related expenses (with more funding based on equity)
- Schools have received 2 months of PPE to ensure safe in-person instruction

Phased In-Person Learning

Our youngest & most disproportionately impacted students will be prioritized.

California's phased approach will:

- Begin with in-person learning for K-6, special education, and populations disproportionately impacted by COVID-19
- Support all communities to be on track for safe in-person instruction by early Spring 2021
- Distance learning will remain an option for parents & students

New State Measures in Place

- **Elementary schools may reopen if they submit a COVID-19 Safety Plan to both local and state officials**
 - **Local health department can disapprove within 5 days**
 - **Once opened, local and state officials will monitor, provide supports and enforce guidance**
- **County must have 7-day avg. case rate of less than 28 cases/100,000 people per day to implement plan**

California's Safe Schools For All Plan

- 1. Funding to support safe reopening**
- 2. Safety & mitigation measures for classrooms**
- 3. Hands-on oversight & assistance for schools**
- 4. Transparency & accountability for families & school staff**

Funding To Support Safe Reopening

Schools use these funds to implement COVID-19 Safety Plans:

- Proposing early action legislative package to provide \$2B to support schools that safely open in February & March
- Funds will be weighted for schools serving students from low-income families, English learners, foster youth & others disproportionately impacted
- Working with federal partners to cover costs for testing of 58% of students through Medicaid
- Schools may continue to leverage \$1.47B from the federal government & \$5.3 billion received from the State

Safety & Mitigation Measures for Classrooms

Testing: State will support implementation of testing of all school staff & students

	Yellow	Orange	Red	Purple	>14/100k case rate
Staff & TK-12	Symptomatic & response testing	Symptomatic & response testing	Symptomatic & response testing Every 2 weeks asymptomatic testing	Symptomatic & response testing Every 2 weeks asymptomatic testing	Symptomatic & response testing Weekly asymptomatic

Safety & Mitigation Measures for Classrooms

PPE: All students are required to wear masks. All staff should wear surgical masks. Schools will receive more surgical masks from the State at no cost.

Contact Tracing: State contact tracers will be deployed to focus on improving coordination between schools & health departments.

Vaccines: As vaccines become more widely available, school staff will be prioritized. Today, the Drafting Guidelines Workgroup meets to finalize Phase 1B.

Hands-On Oversight & Assistance for Schools

All schools must post their COVID-19 Safety Plans online and report key data to the State, including in-school transmissions.

A cross-agency team of experts in occupational safety, epidemiology, & education led by Dr. Naomi Bardach will:

- Monitor and respond to data in real time
- Publish webinars and training materials
- Answer questions from school leaders and staff
- Conduct school walkthroughs as needed

Transparency & Accountability for Families & Staff

Data & plans submitted to state will be publicly available:

- Reopening status
- School safety plans
- Level of available COVID funding
- In-school transmissions

A web-based “hotline” for school staff & parents to report concerns. Schools failing to implement safety precautions will be penalized.

California's Safe Schools For All Plan

California's Safe Schools For All Plan will help ensure schools can provide safe in-person instruction.

Today's COVID-19 Case Numbers

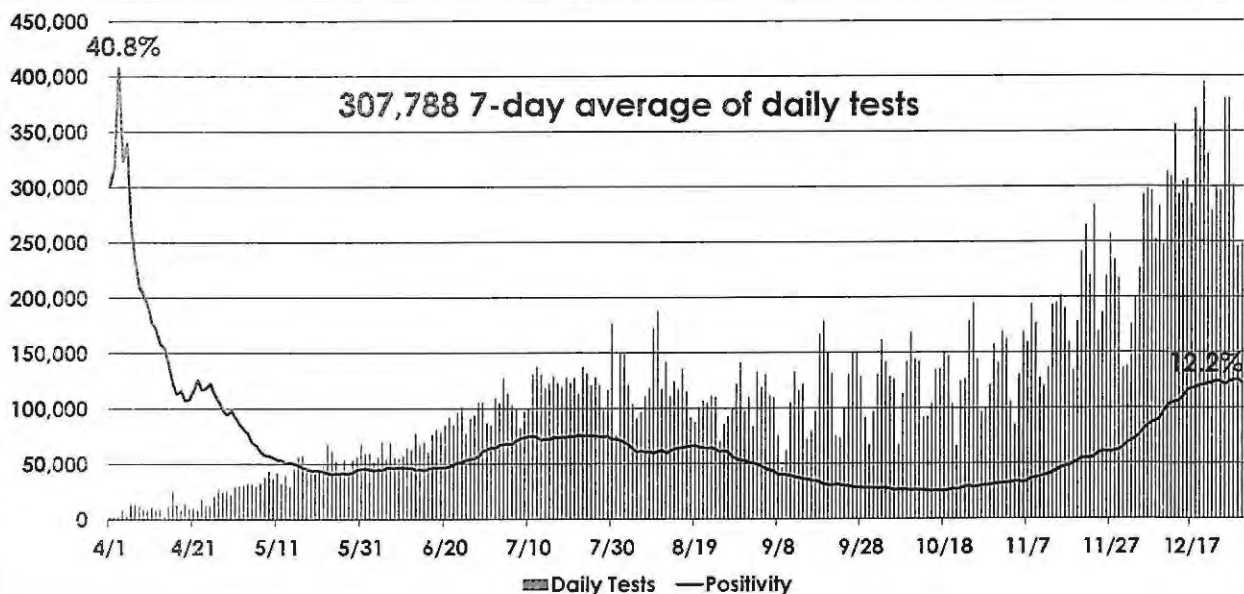
30,921

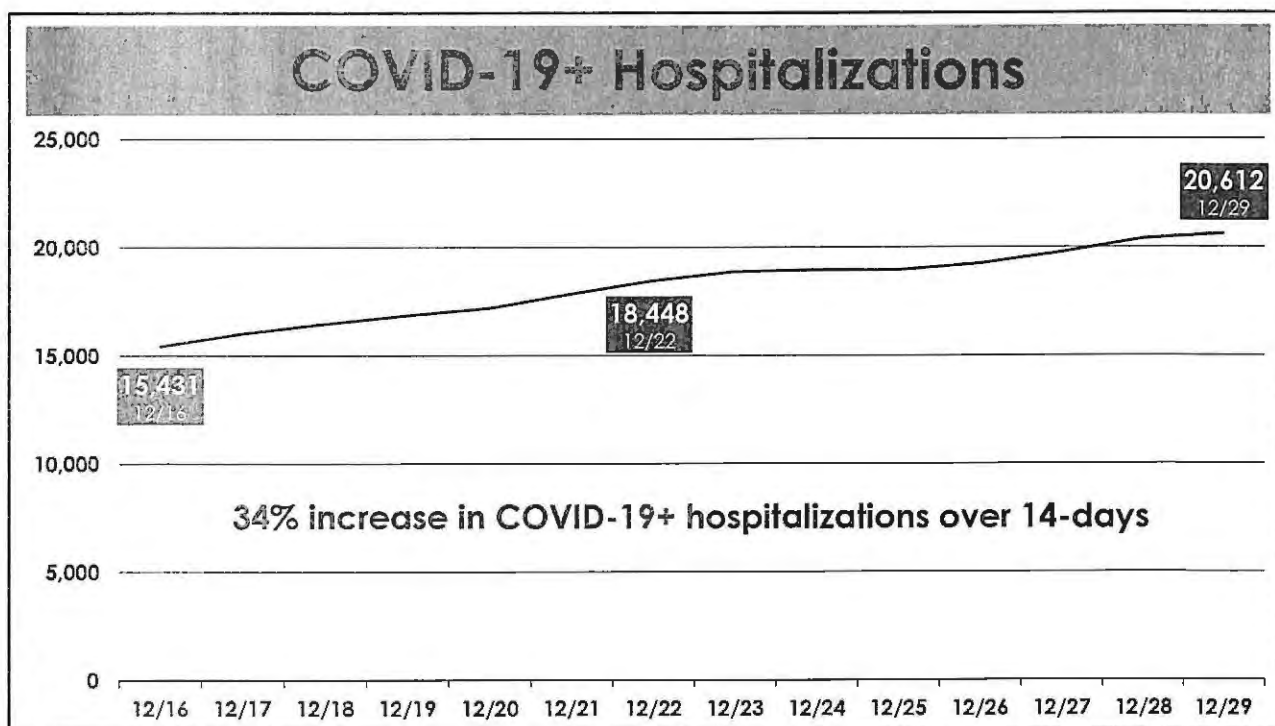
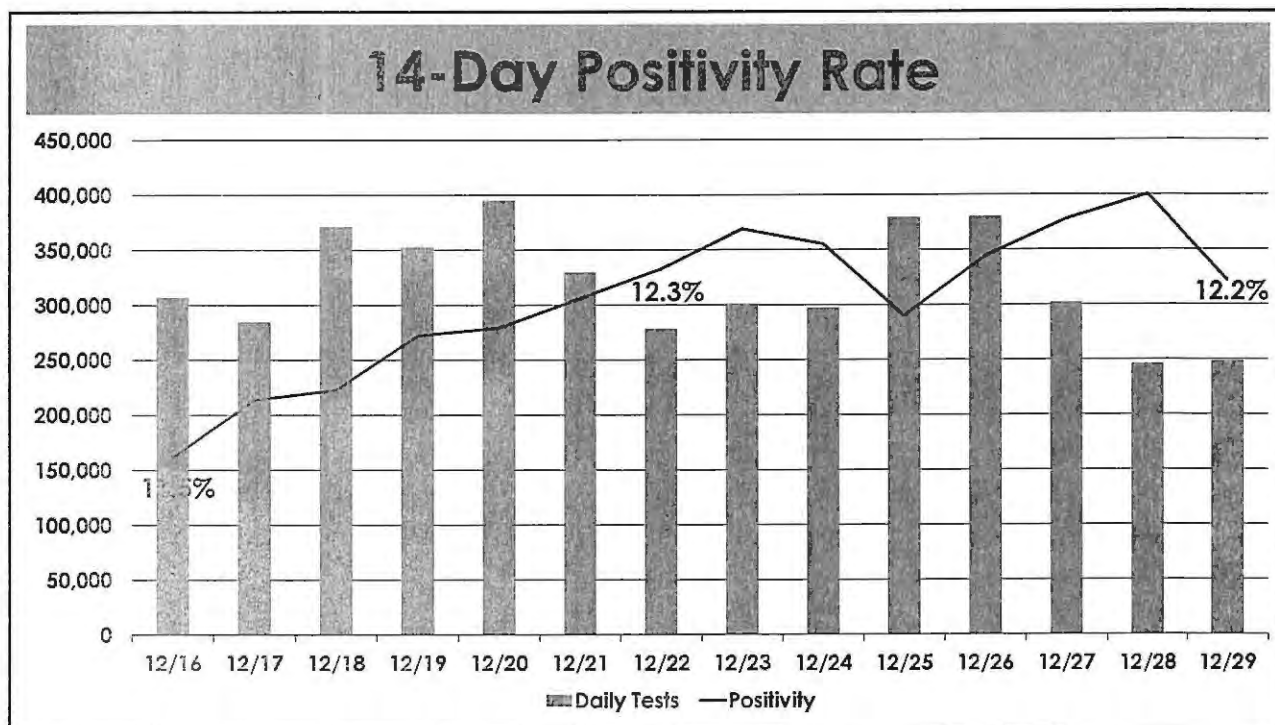
December 29

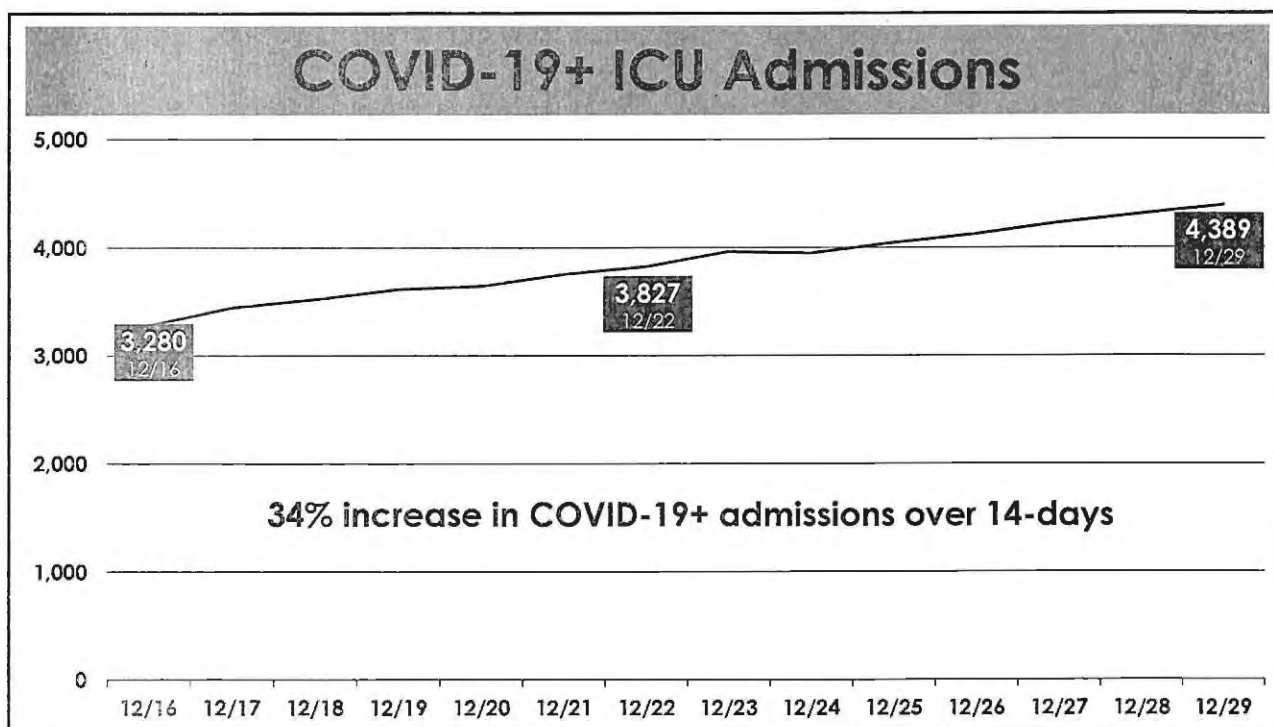
36,295

7-Day Average

Total Tests vs Positivity Rate







Regions + ICU Capacity

Region	Current ICU Capacity
Southern California	0%
San Joaquin Valley	0%
Bay Area	7.5%
Greater Sacramento	17.4%
Northern California	31.5%

COVID-19 Deaths

432

December 29

239

7-day average

14-Day Change

3,477

Vaccinate All 58



Vaccinate ALL 58
Together we can end the pandemic.

300,696 doses administered

Vaccinate All 58

1,135,300 Moderna doses for CA



- **672,600: First allocation**
- **232,300: Second allocation**
 - **Coming this week**
- **231,400: Third Allocation**

Vaccinate All 58

1,090,500 Pfizer doses for CA



- **327,600: First allocation**
- **233,025: Second allocation**
- **297,375: Third allocation (coming this week)**
- **232,050: Fourth Allocation**

2nd doses: 327,600 available to order for delivery next week

New COVID Strain

- The California SARS-CoV-2 Whole Genome Sequencing Initiative monitors the COVID virus and looks for new mutations constantly and are monitoring the new strain closely.
- No evidence of this strain in CA, and first evidence in U.S. was yesterday in Colorado.
- Underscores importance of continued surveillance to detect such mutations

Small Business Grants

Small businesses are the economic heart of California communities. We need to support them to get through the pandemic

- Applications for \$500M in grant funding for small business & nonprofits impacted by COVID-19 are open
- Grants range from \$5,000 to \$25,000
- The first application round will run through midnight of Jan 8 & details of a second round are forthcoming

So Long 2020

We all want 2020 to end.

Celebrate its end safely.

Don't gather.

Hope is on the horizon.



Learn more at
covid19.ca.gov

California Continues to Respond

State Staff Deployed Currently:

1,203 staff in 125 facilities statewide

- 154 Cal MAT
- 657 Contract staff
- 154 Cal Guard
- 19 Health Corps
- 64 HHS
- 75 DOD
- 80 AMR Staff

California Continues to Respond

Federal Resource Updates:

- 64 deployed US HHS staff
- 10 teams of 20 DOD staff (200 personnel)
 - 75 personnel are currently being coordinated for deployment; arriving Dec 29

Quick Guide: How does Gov. Newsom's "Safe Schools for All" plan work?

JANUARY 4, 2021 | EDSOURCE STAFF



PHOTO: RICH PEDRONCELLI/AP PHOTO

On Dec. 30, 2020, Gov. Gavin Newsom announced a \$2 billion "Safe Schools for All" plan to encourage more schools to reopen for in-person instruction in 2021. The following answers some key questions on how the plan is intended to operate.

What is the rationale for the plan?

The Newsom administration believes that "in-person is the best setting to meet not only the core learning needs of students, but also their mental health and social-emotional needs."

At the same time, his administration contends that safety is “foundational,” and that “the right precautions can effectively stop the spread of COVID-19 in schools — especially in elementary schools.”

Will it be safe to bring students back?

Gov. Newsom believes it is safe to bring students back to school, starting with the earliest grades, if health and safety practices are implemented and followed.

In [a statement](#) accompanying the plan, the administration argued the following:

- *Research across the globe shows that children get COVID-19 less often than adults, and when they do get sick, they get less sick than adults.*
- *In studies of open schools in America and around the world, children do not seem to be major sources of transmission — either to each other or to adults.*
- *The growing body of evidence is particularly strong for lower risks associated with elementary schools.*
- *Even in communities with many Covid cases, we do not see many outbreaks in schools. That’s because the right precautions can stop outbreaks before they start.*

What incentives are there for districts to participate?

Districts that participate will receive additional funding: a base amount of \$450 per student, plus an additional amount per student based on the number of high needs students (low income students, English learners, foster and homeless children) in their district, as defined by the Local Control Funding Formula. Gov. Newsom said that the extra amount could be as much as \$250 per student in addition to the base amount.

Does Newsom’s plan need legislative approval?

Yes. He will seek “early action” by the Legislature to approve the plan so it can go into effect during the current school year.

Can all schools participate?

GOING DEEPER

Only schools in counties with fewer than 28 positive coronavirus cases per 100,000 population can participate. As of Jan. 1, that means most schools won't be able to participate, as only 11 counties out of 58 in the state have infection rates of less than 28.

The California Department of Public Health issued the following documents:

Summary: California's Safe School for All Plan, CDPH, Dec. 2020

Rationale: California's Safe School for All Plan, CDPH, Dec. 2020

Evidence Summary: TK-6 Schools and COVID-19 Transmission, Dec. 2020.

Slide Presentation, Dec. 30, 2020. Contains details not included in above documents.

Gov. Newsom issued the following on Dec. 30, 2020:

Statement from governor's office, Dec. 30, 2020.

What do schools have to do to participate?

Schools must submit a Covid-19 Safety Plan to local and state health authorities. Local health authorities have five days to approve or disapprove the plan.

Does the program extend to all children in all grades?

No, this only applies to children in grades K through 6, plus transitional kindergarten.

Will schools in counties in the so-called "purple" tier be allowed to reopen?

Yes, as long as the average daily rate of infections is not higher than 28 per 100,000 residents.

Will children have to attend schools that reopen?

No. Schools will still have to offer distance learning for parents who don't want their children to receive in-person instruction.

Where will the funds to pay for the program come from?

They will come out of extra state funding allocated for K-12 schools through the Proposition 98 formula that will be available as a result of an unexpected budget surplus this year. The funding will be included in the budget proposal Newsom is required to make by Jan. 10 for the coming fiscal year.

What about middle and high school students?

The proposal is silent on middle and high school students. For now, middle and high school students will continue to study via distance learning unless their schools opened for in-person instruction before their counties entered the "purple" Tier One list, or if they participate in small group classes, learning labs and support centers intended for foster, homeless and other students with the greatest needs.

Do school districts have to do anything extra to receive the funds?

Yes. Everyone in a school — both adults and children — have to be tested for the virus on a regular basis, even those who are have no symptoms. For districts in counties with less than an average of 14 positive cases per 100,000, everyone has to be tested every two weeks. In districts with a higher incidence rate, everyone would have to be tested weekly.

Everyone will be expected to wear masks. But school staff will be required to wear surgical masks, which will be distributed to schools at no cost by the state.

Will schools that have already opened for in-person instruction be able to participate in the program?

The materials released so far don't address this issue directly. But presumably these schools will be able to participate, as long as they meet the guidelines, and submit a health safety plan to local and state officials for approval.

Who will pay for Covid-19 testing?

The private health plans that employees already have as well as MediCal for those enrolled in the program are supposed to cover the costs of testing. For individuals who don't have private insurance or are not enrolled in MediCal, schools districts will presumably have to cover the costs. However, most health plans do not cover asymptomatic testing, so districts will have to cover these costs themselves.

When does the program start?

The program will be phased in, beginning on February 15 for students in transitional kindergarten through second grade, and for students in the third to sixth grade on March 15. By Feb. 1, districts must submit a Covid safety plan that has the approval of school employee unions and meets the new Cal/OSHA regulations. However, the timeline would be pushed back for districts in counties with high infection rates until the infection rates fall below 28 cases per 100,000 residents.

Does a county's rate of infection have to be below 28 positive cases per 100,000 resident before a school or district can apply?

No. A district can apply for the funds, and can only start using them when their positive cases fall below 28 cases per 100,000.

Do districts receive funds only for the students attending in-person?

No. Districts receive the base amount plus whatever additional amount they would receive in supplemental or concentration based on average daily attendance in the 2019-20 year for the entire school or district, not just for children in the grades where in-

person instruction is offered. However, districts must use the funds for the students in the grades in which they are offering in-person instruction.

What happens if a district doesn't apply by Feb. 1?

Districts can apply by March 1, for opening by March 15. However, they will not get the full base grant of \$450 per person, but rather will get a \$337.50 per student.

How much support and opposition is there to the plan?

In general, the plan has received considerable support from some superintendents, professional associations and advocacy groups. However, several superintendents raised questions about the feasibility of implementing some health and safety practices, including the costs and logistics of testing that would involve testing of both staff and students.

What position have the two leading unions taken on the plan?

The California Teachers Association has expressed lukewarm support for the proposal. "There are many unanswered questions and the devil is always in the details," said CTA President E. Toby Boyd. He said that the union continues to support in-person instruction, but not in schools in counties that are still on the "purple" Tier One list. "If teachers' local unions adopt that stance, and counties are still on the "purple" list come February 15, it is unlikely that districts will be able to participate in the reopening plan," Boyd said.

Jeff Freitas, president of the California Federation of Teachers, said the plan "is the starting point our state and its schools need to consider for in-person instruction," but said that schools need to be "funded at a level that supports needed testing, tracing, PPE and high-quality instruction."

As for other school workers, Max Arias, Executive Director of SEIU Local 99, said, "we look forward to moving safely and with due caution to more and more in-person