BERRYESSA UNION SCHOOL DISTRICT

SANTA CLARA COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2021

NIGRO & NIGRO PC

Table of Contents

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

Page

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Section

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Education
Berryessa Union School District
San Jose, 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 Berryessa Union School District, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 Berryessa Union School District, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the beginning net position on the Statement of Activities and the beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements. The supplementary information on pages 61 to 65 and the schedule of expenditures of federal awards on page 66 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 60 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 November 29, 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. 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. 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.

Nigro & Nigro, PC

Murrieta, California
November 29, 2021

This discussion and analysis of Berryessa Union School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $11.6 million due primarily to increases in the net pension liability.
- Governmental expenses were about $105.3 million. Revenues were about $93.7 million.
- The District acquired approximately $5.0 million in new capital assets during the year.
- The District increased its outstanding long-term debt other than pensions by $38.0 million. This was primarily due to the issuance of Measure U Series 2020A general obligation bonds.
- Governmental funds increased by $39.0 million, or 79.5%.
- Reserves for the General Fund decreased by $1.9 million, or 26.2%. Revenues were $85.5 million and expenditures were $84.4 million.

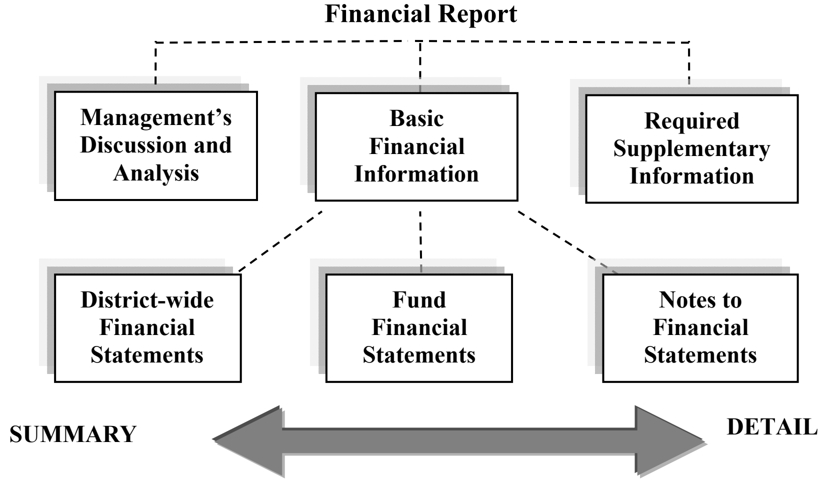
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Berryessa Union School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has one kind of fund:

Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2021, than it was the year before – decreasing 19.4% to $(71.4) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2021	2020*	(Decrease)
Assets			
Current assets	$ 91,590,151	$ 51,899,252	$ 39,690,899
Capital assets	114,482,364	117,638,869	(3,156,505)
Total assets	206,072,515	169,538,121	36,534,394
Deferred outflows of resources	29,614,944	24,478,247	5,136,697
Liabilities			
Current liabilities	5,162,008	4,237,984	924,024
Long-term liabilities	193,968,486	155,965,419	38,003,067
Net pension liability	90,185,608	82,064,761	8,120,847
Total liabilities	289,316,102	242,268,164	47,047,938
Deferred inflows of resources	17,802,005	11,555,128	6,246,877
Net position			
Net investment in capital assets	28,866,705	36,500,112	(7,633,407)
Restricted	15,045,883	23,701,498	(8,655,615)
Unrestricted	(115,343,236)	(120,008,534)	4,665,298
Total net position	$ (71,430,648)	$ (59,806,924)	$ (11,623,724)

**As restated*

Changes in net position, governmental activities. The District's total revenues increased 14.6% to $93.7 million (See Table A-2). The increase is due primarily to COVID-related state and federal grants.

The total cost of all programs and services increased 3.5% to $105.3 million. The District's expenses are predominantly related to educating and caring for students, 78.9%. The purely administrative activities of the District accounted for just 8.6% of total costs. A significant contributor to the increase in costs was spending down COVID-related state and federal grants.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2021	2020	
Revenues			
Program Revenues:			
Charges for services	$ 444,157	$ 1,192,303	$ (748,146)
Operating grants and contributions	19,608,957	7,502,544	12,106,413
General Revenues:			
Property taxes	42,717,077	44,215,131	(1,498,054)
Federal and state aid not restricted	29,578,720	26,803,041	2,775,679
Other general revenues	1,358,940	2,068,584	(709,644)
Total Revenues	93,707,851	81,781,603	11,926,248
Expenses			
Instruction-related	72,820,321	73,114,262	(293,941)
Pupil services	10,260,696	9,685,300	575,396
Administration	9,094,937	7,410,400	1,684,537
Plant services	7,832,993	6,883,956	949,037
All other activities	5,322,628	4,672,664	649,964
Total Expenses	105,331,575	101,766,582	3,564,993
Increase (decrease) in net position	(11,623,724)	(19,984,979)	$ 8,361,255
Total Net Position	$ (71,430,648)	$ (59,806,924)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $87.9 million, which is above last year's ending fund balance of $49.0 million. The primary cause of the increased fund balance is the issuance of general obligation bonds.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2020*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
Fund					
General Fund	$ 12,471,996	$ 85,488,736	$ 84,410,973	$ (491,785)	$ 13,057,974
Student Activity Special Revenue Fund	223,909	3,562	25,997	-	201,474
Cafeteria Fund	122,451	1,944,609	1,871,216	-	195,844
Deferred Maintenance Fund	762,201	7,698	283,845	-	486,054
Special Reserve Fund (Other Than Capital Outlay)	2,613,135	26,673	-	-	2,639,808
Special Reserve Fund (Postemployment Benefits)	2,582,330	26,358	-	-	2,608,688
Building Fund	8,345,410	224,011	5,694,114	40,000,000	42,875,307
Capital Facilities Fund	3,307,890	482,458	26,375	(13,405)	3,750,568
Special Reserve Fund (Capital Outlay)	15,329,520	677,211	685,828	505,190	15,826,093
Bond Interest and Redemption Fund	3,220,194	7,501,698	4,814,652	385,203	6,292,443
Foundation Private-Purpose Trust Fund	6,108	62	-	-	6,170
	$ 48,985,144	$ 96,383,076	$ 97,813,000	$ 40,385,203	$ 87,940,423

**As restated*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $8.6 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $24,703 due to negotiated salary increases.
- Other non-personnel expenses increased $2.9 million to re-budget carryover funds and revise operational estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $5.2 million, the actual results for the year show that revenues exceeded expenditures by roughly $1.1 million. Actual revenues were $6.0 million more than anticipated, and expenditures were $0.3 million less than budgeted. That amount consists primarily of restricted program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020-21 the District had invested $5.0 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $8.2 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance
	2021	2020	Increase (Decrease)
Land	$ 2,523,593	$ 2,523,593	$ -
Improvement of sites	36,707,233	37,310,509	(603,276)
Buildings	69,953,995	58,843,786	11,110,209
Equipment	3,939,382	4,096,394	(157,012)
Construction in progress	1,358,161	14,864,587	(13,506,426)
Total	$ 114,482,364	$ 117,638,869	$ (3,156,505)

Long-Term Debt

At year-end the District had $194.0 million in long-term liabilities other than pensions – an increase of 24.4% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2021	2020	(Decrease)
General obligation bonds	$ 139,530,418	$ 99,498,790	$ 40,031,628
Energy conservation assistance loan	753,898	801,016	(47,118)
Capital leases	18,508	48,106	(29,598)
QZABs	3,425,830	3,899,822	(473,992)
Other postemployment benefits	47,228,860	51,436,919	(4,208,059)
Compensated absences	276,552	280,766	(4,214)
Early Retirement Incentive	2,734,420	-	2,734,420
Total	$ 193,968,486	$ 155,965,419	$ 38,003,067

Net pension liability increased during the year by $8.1 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State Legislature Passed a Final Budget Package on June 28, 2021. The final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly $21 billion in total reserves. This consists of: (1) $15.8 billion in the Budget Stabilization Account (BSA), (2) $4 billion in Special Fund for Economic Uncertainties, and (3) $900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $4.5 billion under the spending plan.

Budget Also Commits $27 Billion in ARP Fiscal Relief Funds
The ARP included $350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about $27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

Significant Increase in School and Community College Funding
Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up $22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional $309 million (0.3 percent) relative to the revised 2020-21 level.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is $4.5 billion—$1.9 billion in 2020-21 and $2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is $12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten

Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately $2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

Meanwhile, the new Delta variant continues to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Districts can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the Berryessa Union School District budget for the 2020-21 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 any questions about this report or need additional financial information, contact the Business Services Department at the Berryessa Union School District, 1376 Piedmont Road, San Jose, California 95132.

BERRYESSA UNION SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 73,530,815
Accounts receivable	17,837,189
Inventories	171,946
Prepaid expenses	50,201
Capital assets:	
Non-depreciable assets	3,881,754
Depreciable assets	214,419,152
Less, accumulated depreciation	(103,818,542)
Total assets	206,072,515
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	24,493,777
Deferred outflows related to OPEB	5,121,167
Total deferred outflows of resources	29,614,944
LIABILITIES	
Accounts payable	5,006,253
Unearned revenue	155,755
Long-term liabilities other than pensions:	
Due or payable within one year	5,202,730
Due or payable after one year	188,765,756
Net pension liability	90,185,608
Total liabilities	289,316,102
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	5,701,609
Deferred inflows related to OPEB	12,100,396
Total deferred inflows of resources	17,802,005
NET POSITION	
Net investment in capital assets	28,866,705
Restricted for:	
Capital projects	4,454,327
Debt service	6,292,443
Categorical programs	4,097,639
Student activities	201,474
Unrestricted	(115,343,236)
Total net position	$ (71,430,648)

BERRYESSA UNION SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
Instructional Services:				
Instruction	$ 61,512,306	$ 9,411	$ 8,602,488	$ (52,900,407)
Instruction-Related Services:				
Supervision of instruction	3,448,657	-	768,606	(2,680,051)
Instructional library, media and technology	906,556	494	398,389	(507,673)
School site administration	6,952,802	353	317,495	(6,634,954)
Pupil Support Services:				
Home-to-school transportation	1,107,243	-	920,082	(187,161)
Food services	3,246,331	(2,457)	3,072,014	(176,774)
All other pupil services	5,907,122	1,074	1,353,387	(4,552,661)
General Administration Services:				
Data processing services	1,523,292	-	176,547	(1,346,745)
Other general administration	7,571,645	(41)	1,431,119	(6,140,567)
Plant Services	7,832,993	(60)	1,806,215	(6,026,838)
Ancillary Services	25,996	-	3,561	(22,435)
Interest on Long-Term Debt	5,131,694	-	-	(5,131,694)
Other Outgo	164,938	435,383	759,054	1,029,499
Total Governmental Activities	$ 105,331,575	$ 444,157	$ 19,608,957	(85,278,461)

General Revenues:	
Property taxes	42,717,077
Federal and state aid not restricted to specific purpose	29,578,720
Interest and investment earnings	383,234
Miscellaneous	975,706
Total general revenues	73,654,737
Change in net position	(11,623,724)
Net position - July 1, 2020, as originally stated	(60,036,941)
Restatement - change in accounting principle (Note 12)	230,017
Net position - July 1, 2020, as restated	(59,806,924)
Net position - June 30, 2021	$ (71,430,648)

BERRYESSA UNION SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 6,637,157	$ 292,686	$ 44,035,068	$ 12,293,766	$ 10,272,138	$ 73,530,815
Accounts receivable	17,625,696	90,454	80,980	27,137	12,922	17,837,189
Due from other funds	1,959,156	1,404,940	-	3,505,190	-	6,869,286
Inventories	76,400	95,546	-	-	-	171,946
Prepaid expenditures	50,201	-	-	-	-	50,201
Total Assets	$ 26,348,610	$ 1,883,626	$ 44,116,048	$ 15,826,093	$ 10,285,060	$ 98,459,437
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 2,490,201	$ 37,782	$ 965,990	$ -	$ -	$ 3,493,973
Due to other funds	4,910,130	1,650,000	274,751	-	34,405	6,869,286
Unearned revenue	155,755	-	-	-	-	155,755
Total Liabilities	7,556,086	1,687,782	1,240,741	-	34,405	10,519,014
Fund Balances						
Nonspendable	151,601	105,546	-	-	-	257,147
Restricted	3,992,093	90,298	42,875,307	703,759	10,250,655	57,912,112
Assigned	9,208,027	-	-	15,122,334	-	24,330,361
Unassigned	5,440,803	-	-	-	-	5,440,803
Total Fund Balances	18,792,524	195,844	42,875,307	15,826,093	10,250,655	87,940,423
Total Liabilities and Fund Balances	$ 26,348,610	$ 1,883,626	$ 44,116,048	$ 15,826,093	$ 10,285,060	$ 98,459,437

BERRYESSA UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total fund balances - governmental funds			$	87,940,423
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:				
Capital assets, at historical cost	$	218,300,906		
Accumulated depreciation		(103,818,542)		114,482,364
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:				(47,228,860)
In governmental funds, deferred outflows and inflows of resources relating to pensions and other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows related to pensions and OPEB are reported. The combined deferred inflows and outflows for the period were:				
Deferred outflows of resources		29,614,944		
Deferred inflows of resources		(17,802,005)		11,812,939
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.				(90,185,608)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:				
General obligation bonds payable		139,530,418		
QZAB payable		3,425,830		
Capital leases payable		18,508		
Compensated absences payable		276,552		
Early Retirement Incentive		2,734,420		
Energy conservation loan payable		753,898		(146,739,626)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:				(1,512,280)
Total net position - governmental activities			$	(71,430,648)

BERRYESSA UNION SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 61,297,661	$ -	$ -	$ -	$ -	$ 61,297,661
Federal sources	9,204,464	1,746,772	-	168,615	-	11,119,851
Other state sources	10,915,960	199,481	-	-	44,502	11,159,943
Other local sources	4,131,380	(1,644)	224,011	508,596	7,943,278	12,805,621
Total Revenues	85,549,465	1,944,609	224,011	677,211	7,987,780	96,383,076
EXPENDITURES						
Current:						
Instruction	53,443,997	-	-	-	-	53,443,997
Instruction-related services:						
Supervision of instruction	3,061,430	-	-	-	-	3,061,430
Instructional library, media and technology	765,691	-	-	-	-	765,691
School site administration	6,015,267	-	-	-	-	6,015,267
Pupil support services:						
Home-to-school transportation	909,458	-	-	-	-	909,458
Food services	962,831	1,733,966	-	-	-	2,696,797
All other pupil services	5,824,693	-	-	-	-	5,824,693
Ancillary services	-	-	-	-	25,997	25,997
General administration services:						
Data processing services	1,303,002	-	-	-	-	1,303,002
Other general administration	5,568,476	-	-	-	11,000	5,579,476
Plant services	6,717,270	54,441	682	371	-	6,772,764
Transfers of indirect costs	(80,987)	80,987	-	-	-	-
Capital Outlay	1,666	-	5,446,314	3,765	15,375	5,467,120
Intergovernmental	164,188	-	-	-	-	164,188
Debt Service:						
Principal	29,598	-	47,118	473,992	678,430	1,229,138
Interest	8,238	1,822	-	206,950	3,816,222	4,033,232
Issuance costs	-	-	200,000	750	320,000	520,750
Total Expenditures	84,694,818	1,871,216	5,694,114	685,828	4,867,024	97,813,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	854,647	73,393	(5,470,103)	(8,617)	3,120,756	(1,429,924)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	13,405	-	-	505,190	-	518,595
Interfund transfers out	(505,190)	-	-	-	(13,405)	(518,595)
Issuance of debt - general obligation bonds	-	-	40,000,000	-	-	40,000,000
Premiums on debt issuance	-	-	-	-	385,203	385,203
Total Other Financing Sources and Uses	(491,785)	-	40,000,000	505,190	371,798	40,385,203
Net Change in Fund Balances	362,862	73,393	34,529,897	496,573	3,492,554	38,955,279
Fund Balances, July 1, 2020, as originally stated	18,429,662	122,451	8,345,410	15,329,520	6,528,084	48,755,127
Adjustment for Restatement (Note 12)	-	-	-	-	230,017	230,017
Fund Balances, July 1, 2020, as restated	18,429,662	122,451	8,345,410	15,329,520	6,758,101	48,985,144
Fund Balances, June 30, 2021	$ 18,792,524	$ 195,844	$ 42,875,307	$ 15,826,093	$ 10,250,655	$ 87,940,423

BERRYESSA UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds		$ 38,955,279
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay, governmental funds	5,010,433	
Depreciation expense	(8,166,938)	
Net:		(3,156,505)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,229,138
The issuance of long-term debt is reported in the governmental funds as a source of financing, but in the government-wide statements it is not reported in the statement of activities, but rather as a long-term liability in the statement of net position. Debt issued, net of issuance premiums, during the period was:		(40,385,203)
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. Accreted interest earned exceeded the amount paid during the year by:		(474,121)
In governmental funds, other postenployment benefit (OPEB) costs are recognized when employer contributions are made, in the statement of activities, OPEB costs are recognized on the accrual basis. This year the difference between the accrual basis OPEB costs and actual employer contributions was:		(838,196)
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:		(2,734,420)
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized over the life of the debt. Amortization of the premium for the period is:		149,266
In governmental 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 the accrual basis pension costs and actual employer contributions was:		(4,184,771)
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		(188,405)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This year vacation leave earned exceeded the amounts used by:		4,214
Change in net position of governmental activities		$ (11,623,724)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Berryessa Union 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:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects, and a Special Reserve Fund for Postemployment Benefits which do not meet the definition of a special revenue fund as they are not primarily composed of restricted or committed revenue sources. Because these funds do not meet the definition of a special revenue fund under GASB 54, the activity in the funds is being reported within the General Fund.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activities Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Scholarship Fund: This fund may be used to report formal arrangements under which principal and interest benefit other individuals, private organizations, or other governments. This fund was established to account for funds received and held with the purpose of providing scholarships.

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)

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

C. Budgetary Data

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

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

D. 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.

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	5-40 years
Furniture and Equipment	5-40 years
Vehicles	5-40 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the 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 and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid and accumulated annual balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

9. Fund Balances
The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the Board of Education has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

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

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

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

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

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

   As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

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

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

    The requirements of this Statement are effective as follows:

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

    Earlier application is encouraged and is permitted by topic.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

   The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	$ 73,530,815

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

Cash on hand and in banks	$ 202,359
Cash in revolving fund	35,000
Investments	73,293,456
Total deposits and investments	$ 73,530,815

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.
Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk
The District's investment policy authorizes the district's chief fiscal officer to invest and reinvest any surplus monies not required for the immediate necessities of the district on behalf of the district. The investment objectives shall be to first safeguard the principal of the funds, then to meet the district's liquidity needs and, third, to achieve a return on the funds. The District's investment policy does not limit investment maturities. Maturities of investments held at June 30, 2021, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 73,293,456	$ 73,293,456	$ -	Uncategorized	N/A

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2021, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District did not have any investments outside of the County Treasury investment pool.

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

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	Governmental Funds					
	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government:						
Categorical aid programs	$ 4,519,668	$ 83,588	$ -	$ -	$ -	$ 4,603,256
State Government:						
LCFF	10,968,082	-	-	-	-	10,968,082
Lottery	458,700	-	-	-	-	458,700
Special education	125,220	-	-	-	-	125,220
Categorical aid programs	1,129,912	6,619	-	-	-	1,136,531
Local:						
Interest	29,470	247	80,980	27,137	12,922	150,756
Other local	394,644	-	-	-	-	394,644
Total	$ 17,625,696	$ 90,454	$ 80,980	$ 27,137	$ 12,922	$ 17,837,189

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2021, consisted of the following:

	Due from Other Funds			
	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Total
General Fund	$ -	$ 1,404,940	$ 3,505,190	$ 4,910,130
Cafeteria Fund	1,650,000	-	-	1,650,000
Building Fund	274,751	-	-	274,751
Non-major Funds	34,405	-	-	34,405
Totals	$ 1,959,156	$ 1,404,940	$ 3,505,190	$ 6,869,286

General Fund due to Cafeteria Fund for nutrition bad debt and operating expenses	$ 1,404,940
Cafeteria Fund due to General Fund for indirect costs and repayment of temporary loan, and retiree costs	1,650,000
Building Fund due to General Fund for expenditure reimbursements	274,751
Capital Facilities Fund due to General Fund for expenditure reimbursements	34,405
General Fund due to Special Reserve Fund for Capital Outlay Projects to support debt payments	3,505,190
Totals	$ 6,869,286

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2021, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects to support debt payments	$ 505,190
Capital Facilities Fund transfer to General Fund for administrative charges	13,405
Total	$ 518,595

NOTE 5 – FUND BALANCES

At June 30, 2021, fund balances of the District's governmental funds were classified as follows:

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 25,000	$ 10,000	$ -	$ -	$ -	$ 35,000
Stores inventories	76,400	95,546	-	-	-	171,946
Prepaid expenditures	50,201	-	-	-	-	50,201
Total Nonspendable	151,601	105,546	-	-	-	257,147
Restricted:						
Categorical programs	3,992,093	-	-	-	-	3,992,093
Student activities	-	-	-	-	201,474	201,474
Food service program	-	90,298	-	-	-	90,298
Capital projects	-	-	42,875,307	703,759	3,750,568	47,329,634
Debt service	-	-	-	-	6,292,443	6,292,443
Scholarships	-	-	-	-	6,170	6,170
Total Restricted	3,992,093	90,298	42,875,307	703,759	10,250,655	57,912,112
Assigned:						
Tech refresh program	540,097	-	-	-	-	540,097
CSEA staff development	25,000	-	-	-	-	25,000
CSEA career ladder program	79,489	-	-	-	-	79,489
School site discretionary	137,206	-	-	-	-	137,206
Supplemental grant	2,567,424	-	-	-	-	2,567,424
School site tech program	124,261	-	-	-	-	124,261
Other assignments	2,639,808	-	-	15,122,334	-	17,762,142
Deferred maintenance program	486,054	-	-	-	-	486,054
Postemployment benefits	2,608,688	-	-	-	-	2,608,688
Total Assigned	9,208,027	-	-	15,122,334	-	24,330,361
Unassigned:						
Reserve for economic uncertainties	2,547,485	-	-	-	-	2,547,485
Remaining unassigned balances	2,893,318	-	-	-	-	2,893,318
Total Unassigned	5,440,803	-	-	-	-	5,440,803
Total	$ 18,792,524	$ 195,844	$ 42,875,307	$ 15,826,093	$ 10,250,655	$ 87,940,423

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2020	Additions	Retirements	Balance, June 30, 2021
Capital assets not being depreciated:				
Land	$ 2,523,593	$ -	$ -	$ 2,523,593
Construction in progress	14,864,587	1,358,161	14,864,587	1,358,161
Total capital assets not being depreciated	17,388,180	1,358,161	14,864,587	3,881,754
Capital assets being depreciated:				
Improvement of sites	61,367,823	2,536,971	-	63,904,794
Buildings	127,483,226	15,518,068	-	143,001,294
Equipment	7,051,244	461,820	-	7,513,064
Total capital assets being depreciated	195,902,293	18,516,859	-	214,419,152
Accumulated depreciation for:				
Improvement of sites	(24,057,314)	(3,140,247)	-	(27,197,561)
Buildings	(68,639,440)	(4,407,859)	-	(73,047,299)
Equipment	(2,954,850)	(618,832)	-	(3,573,682)
Total accumulated depreciation	(95,651,604)	(8,166,938)	-	(103,818,542)
Total capital assets being depreciated, net	100,250,689	10,349,921	-	110,600,610
Governmental activity capital assets, net	$ 117,638,869	$ 11,708,082	$ 14,864,587	$ 114,482,364

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense is allocated to the following functions in the Statement of Activities:

Governmental Activities:		
Instruction	$	6,128,548
Supervision of instruction		330,359
Instructional library, media and technology		88,639
School site administration		660,492
Home-to-school transportation		88,498
Food services		351,481
Data processing services		136,740
All other general administration		382,181
Total depreciation expense	$	8,166,938

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 80,283,031	$ 40,000,000	$ 678,430	$ 119,604,601	$ 1,959,674
Accreted Interest	14,763,567	1,290,691	816,570	15,237,688	1,960,326
Unamortized Issuance Premium	4,452,192	385,203	149,266	4,688,129	196,058
Total G.O. Bonds	99,498,790	41,675,894	1,644,266	139,530,418	4,116,058
Capital Leases	48,106	-	29,598	18,508	14,886
Qualified School Zone Bonds	3,899,822	-	473,992	3,425,830	477,784
Other Postemployment Benefits	51,436,919	6,543,852	10,751,911	47,228,860	-
Compensated Absences	280,766	-	4,214	276,552	-
Early Retirement Incentive	-	2,734,420	-	2,734,420	546,884
Direct Borrowings:					
Energy Conservation Assistance Loan	801,016	-	47,118	753,898	47,118
Totals	$ 155,965,419	$ 50,954,166	$ 12,951,099	$ 193,968,486	$ 5,202,730

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the QZAB are made from the Special Reserve for Capital Outlay Projects Funds. Payments for capitalized lease obligations and early retirement incentive are made from the General Fund. Payments for the energy conservation loan are made from the Building Fund. Payments related to compensated absences and other postemployment benefits are made from the fund for which the related employee worked.

A. General Obligation Bonds

Election of 1999
On November 2, 1999, the voters of the District approved a measure by more than a two-thirds vote authorizing the District to issue up to $48 million of general obligation bonds to finance the repair and renovation of schools.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

Election of 2014
Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which the requisite 55% or more of the persons voting on a proposition voted to authorize the issuance and sale of $77 million aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds.

Election of 2020
On March 3, 2020, the voters of the District approved Measure U by more than a 55% vote, authorizing the District to issue up to $98 million of general obligation bonds. On December 15, 2020 the District issued Series A, current interest bonds in the amount of $40,000,000. The bonds are being issued to repair/update local elementary/middle schools, including science, arts and math classrooms/labs for 21st-century learning; make essential safety and security improvements; replace aging fire alarms; and repair, construct, or acquire classrooms and equipment.

The bonds represent general obligations of the District, payable from the proceeds of an ad valorem property tax, which the Board of Supervisors of Santa Clara County is empowered and is obligated to levy upon all property within the District subject to taxation.

A summary of all bonds issued and outstanding at June 30, 2021 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021
1999A	6/1/2000	2/1/2025	4.35%-6.2%	11,998,182	$ 1,878,183	$ -	$ 343,430	$ 1,534,753
1999B	7/1/2001	8/1/2026	4.0%-5.63%	17,999,707	3,019,706	-	-	3,019,706
1999C	6/3/2003	2/1/2028	2.0%-5.26%	18,000,142	3,690,142	-	-	3,690,142
2014A	2/26/2014	8/1/2044	3.125%-5.0%	40,000,000	37,650,000	-	-	37,650,000
2014B	5/1/2017	8/1/2044	4.0%-5.0%	37,000,000	34,045,000	-	335,000	33,710,000
2020A	12/15/2020	8/1/2051	2.0%-5.0%	40,000,000	-	40,000,000	-	40,000,000
				Totals	$ 80,283,031	$ 40,000,000	$ 678,430	$ 119,604,601
				Accreted Interest				
				1999A	$ 4,335,926	$ 354,576	$ 816,570	$ 3,873,932
				1999B	5,436,660	481,463	-	5,918,123
				1999C	4,990,981	454,652	-	5,445,633
				Totals	$ 14,763,567	$ 1,290,691	$ 816,570	$ 15,237,688

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	$ 1,959,674	$ 5,568,283	$ 7,527,957
2022-2023	2,386,332	6,744,793	9,131,125
2023-2024	2,269,871	6,865,129	9,135,000
2024-2025	2,702,030	8,003,595	10,705,625
2025-2026	2,300,602	6,045,398	8,346,000
2026-2031	11,921,092	21,794,957	33,716,049
2031-2036	19,715,000	13,755,500	33,470,500
2036-2041	28,630,000	9,452,094	38,082,094
2041-2046	32,920,000	3,830,288	36,750,288
2046-2052	14,800,000	813,344	15,613,344
	$ 119,604,601	$ 82,873,381	$ 202,477,982

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Qualified Zone Academy Bond

In May 2011, the District issued a Qualified Zone Academy Bond (QZAB) in the amount of $8,000,000. The QZAB is scheduled to mature in August 2027, and the unpaid principal balance was $3,425,830 as of June 30, 2021.

The Qualified Zone Academy Bonds are scheduled to mature as follows:

Fiscal Year	Principal	Interest	Total
2021-2022	$ 477,784	$ 180,062	$ 657,846
2022-2023	481,606	152,959	634,565
2023-2024	485,459	125,640	611,099
2024-2025	489,342	98,102	587,444
2025-2026	493,257	70,343	563,600
2026-2028	998,382	56,521	1,054,903
Total	$ 3,425,830	$ 683,627	$ 4,109,457

C. Capitalized Lease Obligations

The District leases various vehicles and office equipment valued at $221,449 under capital lease agreements, and also leases modular buildings from the City of San Jose to provide childcare services. The District has included in equipment, capital assets which were acquired under capitalized lease obligations. The District will receive no sublease revenue from the agreements.

Future yearly payments on capitalized lease obligations are as follows:

Fiscal Year	Lease Payment
2021-22	$ 15,756
2022-23	4,184
Total payments	19,940
Less amount representing interest	(1,432)
Present value of minimum lease payments	$ 18,508

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2021, for these obligations are shown below.

Fiscal Year	Payment
2021-2022	$ 546,884
2022-2023	546,884
2023-2024	546,884
2024-2025	546,884
2025-2026	546,884
Totals	$ 2,734,420

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

E. Direct Borrowings

Energy Conservation Assistance Loan
In May 2017 the District was approved for an Energy Conservation Assistance Act zero percent interest loan, which is considered a direct borrowing. The loan was approved for a maximum of $911,000 to be disbursed on a reimbursement basis based on invoices submitted by the District to the Energy Resources Conservation and Development Commission. The District incurred $848,134 of reimbursable expenses and received a disbursement for this amount on December 26, 2018. In the event of default, the Energy Commission may declare the loan immediately due and payable.

Future yearly payments on this loan are as follows:

Fiscal Year	Principal
2021-2022	$ 47,118
2022-2023	47,119
2023-2024	47,119
2024-2025	47,119
2025-2026	47,119
2026-2031	235,593
2031-2036	235,593
2036-2037	47,118
Total	$ 753,898

F. Other Postemployment Benefits (OPEB) Liability
For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 46,798,709	$ 5,121,167	$ 12,100,396	$ 3,146,693
MPP Program	430,151	-	-	59,359
Total	$ 47,228,860	$ 5,121,167	$ 12,100,396	$ 3,206,052

The details of each plan are as follows:

District Plan

Plan Description
The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided
The District contributes toward post-retirement health benefits for employees who retire after meeting certain age and service requirements. All employees who retire after age 55 and choose coverage under a CalPERS health plan are eligible to receive the District Basic Contribution (DBC) for as long as the retired person or his/her spouse lives (if the retirement option the employee selected provides the spouse with monthly benefits after the employee's death). The DBC is $139 per month in 2020, and $143 in 2021, and expected to continue to increase in future years. The amounts described in the following paragraphs are paid in addition to the DBC.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Benefits Provided (continued)
Certificated (and management employees hired into a management position on or after 7/1/2010) who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium over the DBC. If the employee had at least 20 years of service, dental and vision coverage for the retired employee is included. If the employee had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits. Certificated employees must be continuously employed prior to June 30, 2015. All these benefits, except for the DBC, cease when the retired employee reaches age 65.

Management employees. The maximum monthly benefit paid to retired management employees (age 55 and 5 consecutive years in management position) is $1,100. Management employees must be hired before July 1, 2010 to be eligible for benefits. Employees promoted into a Management position after July 1, 2010 without interruption in service will be eligible for the early retirement which is provided to employees in the bargaining unit from which he/she was promoted.

Classified employees (CSEA) hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium (Kaiser premium amount is fixed at the time of retirement) over the DBC. If hired before 7/1/2007 and retiring with at least 20 years of service, or if hired after 1/1/2002 and retiring with at least 30 years of service, dental and vision coverage for the retired employee are included (all premium amounts are fixed at the time of retirement). If the employee was hired before 2002 and had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits (total benefits not to exceed the Kaiser two-party rate); in this case, premium amounts are not fixed at the time of retirement.
All these benefits, except for the DBC, cease when the retired employee reaches age 65. Classified employees hired after 6/30/2007 receive the DBC. All benefits are pro-rated based on the number of hours worked, if the employee was working part-time at the time of retirement.

Teamster employees hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium over the DBC. The rate cap is increased by 5% on the first two January 1st's after retirement, and remains unchanged thereafter. If hired before 7/1/2007 and retiring with at least 20 years of service, dental and vision coverage for the retired employee are included (rate caps are increased by 5% on the first two January 1st's after retirement, and remain unchanged thereafter).

If the employee was hired before 7/1/2007 and had at least 30 years of service, the benefit payable is (1) medical coverage for the employee and spouse (not to exceed the Kaiser two-party rate, fixed at the time of retirement), and (2) employee-only dental and vision. All these benefits, except for the DBC, cease when the retired employee reaches age 65. Teamster employees hired after 6/30/2007 only receive the DBC.

Retiree Contributions: Retirees pay all amounts in excess of the District's payments.

Lump Sum Option: In lieu of receiving the benefits described above, a retiring employee may choose to receive a lump sum equal to $500 multiplied by the number of years of service (not to exceed 30 years).

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Employees Covered by Benefit Terms
At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	314
Active employees	724
Total	1,038

Total OPEB Liability
The District's total OPEB liability of $46,798,709 for the Plan was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Inflation	2.75 percent
Salary increases	3.00 percent
Healthcare cost trend rates	5.5 percent for medical; 4.0 percent for dental and vision
Retirees' share of benefit-related costs	Dependent upon employees classification and tenure of service provided to the district

Discount Rate
Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The District has chosen to use the "S&P Municipal Bond 20-Year High Grade Rate Index" as its 20-year bond rate. That Index was 2.66% at June 30, 2020 and 2.79% at June 30, 2019.

Mortality Rates
Mortality rates are taken from the 2017 CalPERS valuation, projected to future years using the ultimate rates from projection scale MP-2020, for classified and Teamsters employees, and from the 2020 CalSTRS valuation, for certificated and management employees. In the 2018 valuation, mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model, and from the 2016 CalSTRS valuation for certificated and management employees.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	$ 51,066,127
Changes for the year:	
Service cost	2,869,561
Interest	1,408,417
Differences between expected and actual experience	(9,581,423)
Changes of assumptions	2,206,515
Benefit payments	(1,170,488)
Net changes	(4,267,418)
Balance at June 30, 2020	$ 46,798,709

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

District Plan (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 54,979,759
Current discount rate	$ 46,798,709
1% increase	$ 40,308,176

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 39,901,510
Current trend rate	$ 46,798,709
1% increase	$ 55,634,942

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2021, the District recognized OPEB expense of $3,146,693. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,207,537
Changes of assumptions	3,923,799	1,892,859
District contributions subsequent to the measurement date of the net OPEB liability	1,197,368	-
Total	$ 5,121,167	$ 12,100,396

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the current measurement period is 9.23 years and 12.4 years for the 2018-19 measurement period.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ (1,131,285)
2023	(1,131,285)
2024	(1,131,285)
2025	(1,131,285)
2026	(1,131,285)
Thereafter	(2,520,172)
Total	$ (8,176,597)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2021, the District reported a liability of $430,151 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net OPEB Liability	0.101502%	0.099569%	0.001933%

For the year ended June 30, 2021, the District reported OPEB expense of $59,359.

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

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

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

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

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

F. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the 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:

Discount Rate	MPP OPEB Liability
1% decrease	$ 475,651
Current discount rate	$ 430,151
1% increase	$ 391,433

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 390,032
Current trend rate	$ 430,151
1% increase	$ 476,335

NOTE 8 – PENSION PLANS

Qualified employees are covered under 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).

For the fiscal year ended June 30, 2021, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 64,905,834	$ 19,072,252	$ 4,875,465	$ 9,128,709
CalPERS	25,279,774	5,421,525	826,144	4,794,513
Total	$ 90,185,608	$ 24,493,777	$ 5,701,609	$ 13,923,222

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 8 – PENSION PLANS (continued)

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

Benefits Provided (continued)
The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In 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 Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the District's total contributions were $6,004,483.

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

District's proportionate share of net pension liability	$	64,905,834
State's proportionate share of the net pension liability associated with the District		33,458,965
Total	$	98,364,799

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.066976%	0.064422%	0.002554%

For the year ended June 30, 2021, the District recognized pension expense of $9,128,709. In addition, the District recognized pension expense and revenue of $1,046,137 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,004,483	$ -
Net change in proportionate share of net pension liability	4,140,529	2,103,325
Difference between projected and actual earnings on pension plan investments	2,483,472	941,683
Changes of assumptions	6,329,239	-
Differences between expected and actual experience	114,529	1,830,457
Total	$ 19,072,252	$ 4,875,465

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 2,734,237	$ 1,995,091
2023	3,259,330	924,813
2024	3,785,092	810,284
2025	1,731,606	533,597
2026	822,071	394,918
Thereafter	735,433	216,762
Total	$ 13,067,769	$ 4,875,465

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

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

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses 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.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 98,063,675
Current discount rate (7.10%)	64,905,834
1% increase (8.10%)	37,529,368

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $3,796,551.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.082390%	0.081941%	0.000449%

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

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

NOTE 8 – PENSION PLANS (continued)

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

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-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. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and 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. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are presented above, and the total District contributions were $2,687,830.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $25,279,774. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.082390%	0.081941%	0.000449%

For the year ended June 30, 2021, the District recognized pension expense of $4,794,513. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,687,830	$ -
Net change in proportionate share of net pension liability	229,036	194,230
Difference between projected and actual earnings on pension plan investments	1,158,158	631,914
Changes of assumptions	92,702	-
Differences between expected and actual experience	1,253,799	-
Total	$ 5,421,525	$ 826,144

NOTE 8 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 1,247,977	$ 564,905
2023	750,438	192,318
2024	452,749	62,655
2025	279,692	6,266
2026	2,839	-
Thereafter	-	-
Total	$ 2,733,695	$ 826,144

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 36,344,284
Current discount rate (7.15%)	25,279,774
1% increase (8.15%)	16,096,785

NOTE 8 – PENSION PLANS (continued)

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2021, the District reported payables of $12,108 and $4,599 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

NOTE 9 – JOINT VENTURES

The District is a member with other school districts in three joint powers agencies for common risk management and insurance related to workers' compensation, property/liability and health care, South Bay Area Schools Insurance Authority (SBASIA), Santa Clara County School Insurance Group (SCCSIG) and Schools Excess Liability Fund (SELF). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District is also a member with other school districts in East Valley Schools Transportation Agency (EVSTA), a joint powers authority that provides bus services to member districts. There have been no significant reductions in the level of insurance coverage from the prior year. The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

The following is a summary of audited financial information of SBASIA, SCCSIG, SELF and EVSTA at June 30, 2020, the most current information available:

	SBASIA	SCCSIG	SELF	EVSTA
Assets	$ 7,776,989	$ 27,841,259	$ 174,621,313	$ 854,608
Deferred Outflows	-	198,991	312,483	-
Liabilities	6,357,405	7,913,788	141,193,559	528,843
Deferred Inflows	-	67,496	64,325	-
Net Position	$ 1,419,584	$ 20,058,966	$ 33,675,912	$ 325,765
Revenues	$ 6,585,657	$ 38,742,836	$ 77,945,029	$ 733,003
Expenses	7,032,868	35,701,380	64,133,389	691,519
Change in Net Position	$ (447,211)	$ 3,041,456	$ 13,811,640	$ 41,484

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants
The District 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments
As of June 30, 2021, the District had commitments with respect to unfinished capital projects of approximately $3.3 million to be paid from local funds.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2021.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District participated in the SBASIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For the fiscal year 2020-21, the District participated in the Public Entity Protected Insurance Program (PEPIP), an insurance purchasing pool. The purpose of the PEPIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the JPA.

Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to districts that can meet the JPA selection criteria. The firm of Keenan & Associates provides administrative, cost control, and actuarial services to the JPA.

NOTE 12 – ADJUSTMENT FOR RESTATEMENT

The result of the implementation of GASB 84 was to increase the beginning fund balance in the Statement of Revenues, Expenditures and Changes in Fund Balance and the beginning net position on the Statement of Activities at July 1, 2020, by $230,017, which is the amount previously recorded as due to student groups and restricted for scholarships in fiduciary funds at July 1, 2020.

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Required Supplementary Information

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BERRYESSA UNION SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 56,580,948	$ 61,226,119	$ 61,297,661	$ 71,542
Federal Sources	3,426,260	7,408,055	9,204,464	1,796,409
Other State Sources	6,279,888	6,904,009	10,915,960	4,011,951
Other Local Sources	4,611,900	3,959,094	4,070,651	111,557
Total Revenues	70,898,996	79,497,277	85,488,736	5,991,459
Expenditures				
Current:				
Certificated Salaries	38,121,203	37,624,048	38,967,961	(1,343,913)
Classified Salaries	11,060,619	11,303,260	11,789,791	(486,531)
Employee Benefits	24,028,596	24,307,813	23,440,130	867,683
Books and Supplies	1,542,197	2,751,948	2,803,584	(51,636)
Services and Other Operating Expenditures	6,245,606	7,610,741	7,120,011	490,730
Capital Outlay	3,600	147,591	168,460	(20,869)
Other Outgo	777,289	968,458	121,036	847,422
Total Expenditures	81,779,110	84,713,859	84,410,973	302,886
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,880,114)	(5,216,582)	1,077,763	6,294,345
Other Financing Sources and Uses				
Interfund Transfers In	3,358,405	1,211,422	13,405	(1,198,017)
Interfund Transfers Out	(40,000)	-	(505,190)	(505,190)
Total Other Financing Sources and Uses	3,318,405	1,211,422	(491,785)	(1,703,207)
Net Change in Fund Balance	(7,561,709)	(4,005,160)	585,978	4,591,138
Fund Balances, July 1, 2020	11,829,872	12,471,996	12,471,996	-
Fund Balances, June 30, 2021	$ 4,268,163	$ 8,466,836	13,057,974	$ 4,591,138

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Deferred Maintenance Fund	486,054
Special Reserve Fund for Other Than Capital Outlay Projects	2,639,808
Special Revenue Fund for Postemployment Benefits	2,608,688
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 18,792,524

BERRYESSA UNION SCHOOL DISTRICT
Budgetary Comparison Schedule – Cafeteria Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
Federal Sources	$ 1,074,000	$ 1,074,000	$ 1,746,772	$ 672,772
Other State Sources	78,500	133,900	199,481	65,581
Other Local Sources	1,428,400	854,959	(1,644)	(856,603)
Total Revenues	2,580,900	2,062,859	1,944,609	(118,250)
Expenditures				
Current:				
Classified Salaries	1,153,854	733,410	693,417	39,993
Employee Benefits	575,952	486,263	450,277	35,986
Books and Supplies	663,786	663,786	559,620	104,166
Services and Other Operating Expenditures	92,500	92,500	85,092	7,408
Other Outgo	1,000	81,987	82,810	(823)
Total Expenditures	2,487,092	2,057,946	1,871,216	186,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,808	4,913	73,393	68,480
Other Financing Sources and Uses				
Interfund Transfers In	40,000	-	-	-
Total Other Financing Sources and Uses	40,000	-	-	-
Net Change in Fund Balance	133,808	4,913	73,393	68,480
Fund Balances, July 1, 2020	-	122,451	122,451	-
Fund Balances, June 30, 2021	$ 133,808	$ 127,364	$ 195,844	$ 68,480

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS							
District's proportion of the net pension liability	0.0670%	0.0644%	0.0653%	0.0618%	0.0630%	0.0660%	0.0650%
District's proportionate share of the net pension liability	$ 64,905,834	$ 58,183,792	$ 60,048,018	$ 57,184,276	$ 50,955,030	$ 44,302,000	$ 38,192,000
State's proportionate share of the net pension liability associated with the District	33,458,965	31,743,143	34,380,299	33,829,656	29,012,060	23,430,811	23,062,210
Totals	$ 98,364,799	$ 89,926,935	$ 94,428,317	$ 91,013,932	$ 79,967,090	$ 67,732,811	$ 61,254,210
District's covered-employee payroll	$ 36,310,152	$ 34,806,505	$ 34,923,243	$ 33,012,273	$ 31,623,234	$ 30,543,000	$ 29,110,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.75%	167.16%	171.94%	173.22%	161.13%	145.05%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
District's proportion of the net pension liability	0.0824%	0.0819%	0.0831%	0.0822%	0.0816%	0.0800%	0.0780%
District's proportionate share of the net pension liability	$ 25,279,774	$ 23,880,969	$ 22,158,788	$ 19,614,831	$ 16,115,050	$ 11,818,000	$ 8,823,000
District's covered-employee payroll	$ 13,432,402	$ 12,972,916	$ 13,005,730	$ 12,774,590	$ 12,533,798	$ 8,876,000	$ 8,159,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.20%	184.08%	170.38%	153.55%	128.57%	133.15%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS							
Contractually required contribution	$ 6,004,483	$ 6,209,036	$ 5,666,499	$ 5,039,424	$ 4,152,944	$ 3,393,173	$ 2,712,184
Contributions in relation to the contractually required contribution	6,004,483	6,209,036	5,666,499	5,039,424	4,152,944	3,393,173	2,712,184
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 37,179,461	$ 36,310,155	$ 34,806,503	$ 34,923,243	$ 33,012,273	$ 31,623,234	$ 30,543,000
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 2,687,830	$ 2,649,004	$ 2,343,168	$ 2,019,920	$ 1,774,135	$ 1,484,879	$ 1,044,818
Contributions in relation to the contractually required contribution	2,687,830	2,649,004	2,343,168	2,019,920	1,774,135	1,484,879	1,044,818
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 12,984,686	$ 13,432,402	$ 12,972,915	$ 13,005,730	$ 12,774,590	$ 12,533,798	$ 8,876,000
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

Last 10 Fiscal Years*

	2020	2019	2018	2017
Total OPEB liability				
Service cost	$ 2,869,561	$ 2,663,472	$ 2,587,815	$ 2,758,118
Interest	1,408,417	1,374,906	1,396,237	1,209,410
Differences between expected and actual experience	(9,581,423)	-	(2,405,852)	-
Changes of assumptions or other inputs	2,206,515	1,437,696	1,038,550	(2,753,251)
Benefit payments	(1,170,488)	(1,095,434)	(1,078,971)	(1,388,473)
Net change in total OPEB liability	(4,267,418)	4,380,640	1,537,779	(174,196)
Total OPEB liability - beginning	51,066,127	46,685,487	45,147,708	45,321,904
Total OPEB liability - ending	$ 46,798,709	$ 51,066,127	$ 46,685,487	$ 45,147,708
Covered-employee payroll	$ 47,462,959	$ 48,200,383	$ 46,511,882	$ 45,360,521
Total OPEB liability as a percentage of covered-employee payroll	98.60%	105.95%	100.37%	99.53%

Notes to Schedule:
The District has chosen to use the "S&P Municipal Bond 20-Year High Grade Rate Index" as its 20-year bond rate.
That Index was 2.79% at June 30, 2019, and 2.66% at June 30, 2020.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

Last 10 Fiscal Years*

	2020	2019	2018	2017
District's proportion of net OPEB liability	0.1015%	0.0996%	0.1027%	0.0984%
District's proportionate share of net OPEB liability	$ 430,151	$ 370,792	$ 393,270	$ 414,038
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

Notes to Schedule:
As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

**This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

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

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

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

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

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

***Change of assumptions* -** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

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

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.79 percent to 2.66 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

Supplementary Information

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Berryessa Union School District was established in 1855 and encompasses 6 square miles in northeastern Santa Clara County, including portions of the cities of San Jose and Milpitas and adjacent unincorporated areas. The District currently operates ten elementary schools and three middle schools. There were no changes in the boundaries of the District during the year.

The Board of Education of Berryessa Union School District is composed of five members elected at large within the boundaries of the District. The Board and Administrative Staff manage and control the affairs of the District.

GOVERNING BOARD

Member	Office	Term Expires
Thelma Boac	President	November, 2022
Hugo Jimenez	Vice President	November, 2022
Khoa Nguyen	Clerk	November, 2024
Jai Srinivasan	Member	November, 2024
Kansan Chu	Member	November, 2022

DISTRICT ADMINISTRATORS

Dr. Roxane Fuentes,
Superintendent

Kevin Franklin,
Assistant Superintendent Business Services

Darrien Johnson,
Assistant Superintendent, Human Services

Joseph M. McCreary, Ed.D.,
Assistant Superintendent, Education Services

BERRYESSA UNION SCHOOL DISTRICT
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2021

	Student Activities Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Private-Purpose Tust Fund	Total Non-Major Governmental Funds
ASSETS					
Deposits and investments	$ 201,474	$ 3,778,203	$ 6,286,302	$ 6,159	$ 10,272,138
Accounts receivable	-	6,770	6,141	11	12,922
Total Assets	$ 201,474	$ 3,784,973	$ 6,292,443	$ 6,170	$ 10,285,060
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to other funds	$ -	$ 34,405	$ -	$ -	$ 34,405
Total Liabilities	-	34,405	-	-	34,405
Fund Balances					
Restricted	201,474	3,750,568	6,292,443	6,170	10,250,655
Total Fund Balances	201,474	3,750,568	6,292,443	6,170	10,250,655
Total Liabilities and Fund Balances	$ 201,474	$ 3,784,973	$ 6,292,443	$ 6,170	$ 10,285,060

BERRYESSA UNION SCHOOL DISTRICT

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

	Student Activites Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Private-Purpose Tust Fund	Total Non-Major Governmental Funds
REVENUES					
Other state sources	$ -	$ -	$ 44,502	$ -	$ 44,502
Other local sources	3,562	482,458	7,457,196	62	7,943,216
Total Revenues	3,562	482,458	7,501,698	62	7,987,718
EXPENDITURES					
Current:					
Ancillary services	25,997	-	-	-	25,997
General administration services:					
Other general administration	-	11,000	-	-	11,000
Plant services	-	-	-	-	-
Transfers of indirect costs	-	-	-	-	-
Capital outlay	-	15,375	-	-	15,375
Debt service:					
Principal	-	-	678,430	-	678,430
Interest	-	-	3,816,222	-	3,816,222
Issuance costs	-	-	320,000	-	320,000
Total Expenditures	25,997	26,375	4,814,652	-	4,867,024
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,435)	456,083	2,687,046	62	3,120,694
OTHER FINANCING SOURCES (USES)					
Interfund transfers out	-	(13,405)	-	-	(13,405)
Premium on issuance	-	-	385,203	-	385,203
Total Other Financing Sources and Uses	-	(13,405)	385,203	-	371,798
Net Change in Fund Balances	(22,435)	442,678	3,072,249	62	3,492,554
Fund Balances, July 1, 2020, as originally stated	-	3,307,890	3,220,194	-	6,528,084
Adjustments for Restatement (note 12)	223,909	-	-	6,108	230,017
Fund Balances, July 1, 2020	223,909	3,307,890	3,220,194	6,108	6,758,101
Fund Balances, June 30, 2021	$ 201,474	$ 3,750,568	$ 6,292,443	$ 6,170	$ 10,250,655

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2021

Grade Level	Number of Days Traditional Calendar	Number of Days from J-13 Waiver	Total	Status
Kindergarten	180	0	180	Complied
Grade 1	180	0	180	Complied
Grade 2	180	0	180	Complied
Grade 3	180	0	180	Complied
Grade 4	180	0	180	Complied
Grade 5	180	0	180	Complied
Grade 6	180	0	180	Complied
Grade 7	180	0	180	Complied
Grade 8	180	0	180	Complied

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund	(Budget) 2022[2]	2021[3]	2020	2019
Revenues and other financing sources	$ 83,289,240	$ 85,488,736	$ 77,620,608	$ 79,806,896
Expenditures	84,100,811	84,410,973	81,908,570	80,560,481
Other uses and transfers out	-	491,785	218,065	759,851
Total outgo	84,100,811	84,902,758	82,126,635	81,320,332
Change in fund balance (deficit)	(811,571)	585,978	(4,506,027)	(1,513,436)
Ending fund balance	$ 12,246,403	$ 13,057,974	$ 12,471,996	$ 16,978,023
Available reserves [1]	$ 5,354,572	$ 5,440,803	$ 7,375,845	$ 11,475,089
Available reserves as a percentage of total outgo	6.4%	6.4%	9.0%	14.1%
Total long-term debt	$ 278,951,364	$ 284,154,094	$ 238,030,180	$ 234,665,820
Average daily attendance at P-2	6,238	N/A	6,634	6,766

The General Fund balance has decreased by $3,920,049 over the past two years. The fiscal year 2021-22 adopted budget projects a decrease of $811,571. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2021-22 fiscal year. Long-term debt has increased by $49,488,274 over the past two years.

Average daily attendance decreased by 132 ADA in 2019-20 compared to the previous year. The District did not report ADA in FY 2020-21 and was funded on its FY 2019-20 ADA. Budgeted ADA for FY 2021-22 is 6,238.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget September, 2021.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

BERRYESSA UNION SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2021

	Cafeteria Fund
June 30, 2021, annual financial and budget report fund balance	$ 77,101
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Accounts receivable understated	90,207
Inventory understated	28,536
June 30, 2021, reported financial statement fund balances	$ 195,844

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 524,388	
School Breakfast Program - Breakfast Basic	10.553	13525	60,202	
National School Lunch Program	10.555	13523	1,010,426	
USDA Donated Foods	10.555	13391	151,756	
Subtotal Child Nutrition Cluster				$ 1,746,772
Total U.S. Department of Agriculture				1,746,772
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516		3,247,078
Total U.S. Department of Treasury				3,247,078
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants	84.010	14329		593,972
Title II, Part A, Supporting Effective Instruction	84.367	14341		237,507
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084		281,134
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		95,027
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	686,050	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	2,336,591	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	337,188	
Subtotal Education Stabilization Fund				3,359,829
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,280,206	
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	32,379	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	76,800	
Preschool Staff Development, Part B	84.173A	13431	532	
Subtotal Special Education Cluster (IDEA)				1,389,917
Total U.S. Department of Education				5,957,386
Total Expenditures of Federal Awards				$ 10,951,236

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 11,119,851
Differences between Federal Revenues and Expenditures:		
Federal reimbursement of interest paid for QZAB	N/A	(168,615)
Total Schedule of Expenditures of Federal Awards		$ 10,951,236

Other Independent Auditors' Reports

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' 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 Education
Berryessa Union School District
San Jose, 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 Berryessa Union School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Berryessa Union School District's basic financial statements, and have issued our report thereon dated November 29, 2021.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Berryessa Union School District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 29, 2021

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Berryessa Union School District
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Berryessa Union School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Berryessa Union School District's major federal programs for the year ended June 30, 2021. Berryessa Union School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Berryessa Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance
Management of Berryessa Union 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 Berryessa Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Nigro & Nigro, PC

Murrieta, California
November 29, 2021

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Berryessa Union School District
San Jose, California

Report on State Compliance
We have audited Berryessa Union School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Berryessa Union School District's state government programs as noted on the following page for the fiscal year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Berryessa Union School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Berryessa Union 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 state program. However, our audit does not provide a legal determination of Berryessa Union School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study - Course Based	Not Applicable
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs
In our opinion, Berryessa Union School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

Other Matter
The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to previously, which is required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2021-001. Our opinion on each state program is not modified with respect to this matter.

District's Response to Finding
Berryessa Union School District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Berryessa Union School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro & Nigro, PC

Murrieta, California
November 29, 2021

Schedule of Findings and Questioned Costs

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BERRYESSA UNION SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2021

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	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 Uniform Guidance, Section 200.516(a)	No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
21.019	COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation
84.425, 84.425C, 84.425D	COVID-19 Education Stabilization Fund

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

State Awards

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

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.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
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 financial statement findings in 2020-21.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2020-21.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2021-001: California Clean Energy Jobs Act (40000)

Criteria: Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan.

Condition: The District completed a project in October of 2019, but has not yet filed the final report for this project with the Commission.

Question Costs: None.

Context: Not applicable. Only one project report.

Cause: The District was behind schedule in preparing and submitting this report.

Effect: None

Recommendation: We recommend that the District file the final report for the project. No future final reports will be required.

Views of Responsible Official: The District is aware that the final project was completed back in October of 2019. We are currently working with all necessary parties to get the issue resolved.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2020-001: After School Education and Safety Program	For After-School Programs, Education Code Section 8483(a)(1) requires that elementary school students are to participate in the full day of the program and that the program is to stay open until 6pm every day during which students participate, except as consistent with the established early release policy. Adequate documentation that supports attendance participation must be maintained by each site that documents that students are attending the program as consistent with the early release policy. There were instances in which no reasons were provided for early release sign out forms. During testing at Summerdale Elementary, the only ASES site operated by the District, we identified three instances where students left early without a documented explanation. Furthermore, we noted that the total attendance records did not tie to the attendance reported on the Semi-Annual. The Semi-Annual was over-stated by 400 when compared to the supporting spreadsheets used to track attendance. In total, the Semi-Annual attendance report is incorrectly overstated by 403 units of attendance.	40000	The District should implement procedures requiring site personnel to document on the attendance form the reason for a student's early release. Additionally, the District should reconcile all reported attendance to supporting documentation and summary reports.	N/A, audit requirement removed in current year