WASHINGTON UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2019

WASHINGTON UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019
(Continued)

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WASHINGTON UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Washington Unified School District
West Sacramento, 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 Washington Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Washington Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Unified School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 10 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Cafeteria Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefit (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 52 to 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019 on our consideration of Washington Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 4, 2019

This section of the Washington Unified School District's (District) annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

INTRODUCTION

The Washington Unified School District, founded in 1957, is located in the City of West Sacramento. The city covers a 23 square mile area in eastern Yolo County along the west bank of the Sacramento River, opposite the City of Sacramento. The District serves an ethnically diverse and population of approximately 7,653 students. The District has six (6) K-8 schools, one (1) K-7 school, one (1) comprehensive high school, a continuation high school, an independent study program and an adult education program and a 9-12 charter. We believe in our motto: The Gateway to Extraordinary Possibilities.

FINANCIAL HIGHLIGHTS

- The Adopted Budget Unrestricted General Fund projected a deficit of $148,762 and the Adopted Budget Restricted General Fund projected a balance of $0. The year ended with an Unrestricted General Fund surplus of $1,666,526 and a Restricted General Fund surplus of $511,176.
- Contributions to restricted programs were $550K, or -5.13%, less than projected at the second financial reporting period for fiscal 2018-2019.
- The General Fund ended the year with a fund balance of $14,606,269. This is an increase of $2,177,702 from the prior fiscal year.
- Employee compensation increased by 2.4% for certificated and 2.0% classified employee groups for the 2018-2019 fiscal year.
- The District Administration continues to be proactive with the board, bargaining units, and community stakeholders to convey the District's fiscal position in a very transparent manner. The District maintains a positive certification with its fiscal oversight agent while acknowledging that continued fiscal solvency will require prudent action(s) in the coming fiscal years; even in an improving economy. With the passage of the Local Control Funding Formula in 2013, new funding for schools has materialized.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information and (4) 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 are financed in the short term as well as what remains for future spending.
- *Proprietary funds* statements offer short- and long-term financial information about the activities the District operates like businesses.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

REPORTING THE DISTRICT AS A WHOLE

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

These two statements report the District's net position and changes in them. Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

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

In the *Statement of Net Position* and the *Statement of Activities*, District activities are defined as follows:

- *Governmental activities* - Most of the District's services are reported in this category. This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Fund Financial Statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and some by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the California Department of Education, the U.S. Department of Education, local funds, and external borrowings.

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $50.3 million for the fiscal year ended June 30, 2019, resulting in a decrease from the prior fiscal period’s net position by $5.1 million.

In June of 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Table 1 below focuses on the net position of the District's governmental activities.

Table 1

(Amounts in millions)	2019 Governmental Activities	2018 Governmental Activities	2017 Governmental Activities
Current and other assets	$68.3	$72.7	$83.9
Capital Assets	266.7	264.5	264.3
Total Assets	**335.0**	**337.2**	**348.2**
Deferred Outflows of Resources	**30.9**	**32.5**	**19.5**
Current liabilities	10.5	10.1	8.9
Long-term liabilities	301.4	301.1	285.0
Total Liabilities	**311.9**	**311.2**	**293.9**
Deferred Inflows of Resources	**3.6**	**3.1**	**2.4**
Net position			
Invested in capital assets, net of related debt	117.1	113.8	108.0
Restricted	21.3	24.1	20.4
Unrestricted	-88.1	-82.5	-57.0
Total Net Position	**$50.3**	**$55.4**	**$71.4**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 focuses on the change in net position of the District's governmental activities by taking the information from the Statement, rounds off the numbers, and rearranges them slightly so that total revenues for the year can be seen.

Table 2

(Amounts in millions)	2019 Governmental Activities	2018 Governmental Activities	2017 Governmental Activities
Revenues			
Program revenues:			
Charges for services	$1.0	$1.2	$0.8
Operating grants and contributions	26.8	20.3	22.6
Capital grants and contributions	1.5	-	-
General revenues:			
State revenue limit sources	59.2	55.7	55.2
Property taxes	27.1	27.2	24.9
Other general revenues	3.1	2.4	3.5
Total Revenues	**118.6**	**106.8**	**107.0**
Expenses			
Instruction and instruction-related activities	74.3	69.1	62.5
Student support services	14.4	13.0	11.5
Administration	8.3	9.2	8.1
Plant services	18.3	17.1	15.5
Other	8.4	8.5	14.4
Total Expenses	**123.7**	**116.9**	**112.0**
Change in Net Position	**($5.1)**	**($10.1)**	**($5.0)**

Governmental Activities

As reported in the *Statement of Activities*, the cost of all our governmental activities this year was $123.7 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $27.1 million because the cost was paid by those who benefited from the programs ($1 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($26.8 million). We paid for the remaining "public benefit" portion of our governmental activities with $62.3 million in State funds and with other revenues, like interest and general entitlements.

In Table 3, shown on the following page, we have presented the cost of each of the District's five largest functions: Instruction and instruction related activities, Pupil services, General administration, Plant services, and other, as well as each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	2019		2018		2017	
	Total	Net	Total	Net	Total	Net
	Cost of Svcs.		Cost of Svcs.		Cost of Svcs.	
Instruction and instruction related activities	$74.3	$55.8	$69.1	$56.4	$62.5	$51.8
Pupil services	14.4	7.6	13.0	7.8	11.5	7.3
General administration	8.3	7.1	9.2	8.1	8.1	7.2
Plant services	18.3	18.0	17.1	17.0	15.5	15.4
Other	8.4	6.0	8.5	6.1	14.4	6.8
Totals	**$123.7**	**$94.5**	**$116.9**	**$95.4**	**$112.0**	**$88.5**

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. The Fund Balances shown on the Governmental Funds Balance Sheet are largely cash and cash equivalents, and do not show Capital Facilities Assets.

The General Fund is the District's principal operating fund. The fund balance in the General Fund increased from $12.4 million to $14.6 million, or by $2.2 million. Expenditures in the Building Fund, the Capital Facilities Fund, the County School Facilities Fund, and the Special Reserve for Capital Outlay Projects Fund equaled $14.3 million for Fencing at River City High School, Bryte Phase 2, District Wide Fire Alarm Upgrades, Fallbrook Homecoming along with other District Wide Projects, and the 2017 COP Payment.

The District's Other Non-Major Governmental Funds remained stable from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2018-19 budget ran as a surplus when it was expecting a $17K deficit at the 2nd Interim Reporting period. The District remains with the designated 6% reserve. The District is experiencing a decline in enrollment which will result with a decrease in State revenues.

LCFF was fully funded in 2018-19. The increase in future year funding will have COLA. Salary Compensation has been settled through 2020-2021

Federal Funds

Federal funding for fiscal 2018-19 increased by $279 thousand compared to 2017-18. The District's Administration continues to be conservative with the allocation of these resources and the associated expenditures. As with prior years, the objective of the use of Federal Funds is to spend current year dollars on current year students.

Cash Flow

The concern over potential cash flow shortages compared to prior years has been eliminated for the time being. For the year ending June 30, 2019, the District had a strong ending cash position. This is seen in the ratio of receivable to total assets, which is 24.85%.

Capital Assets

At June 30, 2019, the District had $266.7 million in a broad range of capital assets net of accumulated depreciation, including land, buildings, vehicles, and furniture and equipment.

Table 4

(Amounts in millions)	2019	2018	2017
	Governmental Activities	Governmental Activities	Governmental Activities
Land and construction in progress	$39.6	$47.3	$47.2
Buildings and Improvements	221.0	212.5	211.9
Equipment	6.1	4.6	5.2
Totals	**$266.7**	**$264.4**	**$264.3**

We present more detailed information about our capital assets in the notes to the basic financial statements.

Long-term Liabilities

In November of 2014, the voters in the City of West Sacramento approved Measure V, which authorized the Board of Education to issue General Obligation Bonds in the amount of $49.8 million. Of this authorization, the Board of Education issued Series 2015 Bonds at a value of $24.9 million. Measure V projects will include the Bryte CTE campus, Bridgeway Island classrooms, districtwide re-roofing projects, updating of fire alarm systems, and ADA access issue. Table 5 shows the long-term liabilities of the District.

Table 5

(Amounts in millions)	2019	2018	2016
	Governmental Activities	Governmental Activities	Governmental Activities
General Obligation bonds	$118.2	$120.6	$123.7
Certificates of participation	64.5	66.7	69.8
Compensated absences and retirement incentives	12.1	11.2	4.3
Capital leases	14.2	14.6	15
Net Pension Liability	92.4	88	72.2
Totals	**$301.2**	**$301.1**	**$285.0**

We present more detailed information regarding our long-term liabilities in the Notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Revenue limit funding was replaced beginning in fiscal year 2013-2014 with the new Local Control Funding Formula (LCFF). The LCCF model brought up much needed revenues and, beginning with fiscal 2014-2015, had additional "rules" implemented. The LCFF has a target for each school district that the State hopes to achieve within an eight year funding cycle. For the District, 2018-19 saw an increase in funding of $4.3 million.

Recognizing that the new revenues for fiscal 2019-20 would continue to be a focal point of stakeholders within the District, the Board of Education continued to direct the Administration to implement a multi-year budget plan that kept a 6% reserve, allowed restoration of some programs that had been reduced in prior years, and provided for increase(s) to employee salaries and benefits.

In the May Revision of the Governor's budget, funding for education continues to be a priority. The Prop 98 minimum guarantee for 2019-20 is projected to be $81.1 billion. The May revision reflects higher revenues for 2019-20 than the January budget due to increases in personal income and corporate taxes.

The May Revision includes a Cost of Living Adjustment (COLA) increase from 3.46% to 3.26% for both LCFF and categorical program funds. Target for LCFF had been achieved in the 2018-19 fiscal year, therefore, any growth in LCFF revenues in future years will be attributable to the application of the COLA to the base grant.

The May Revision doesn't propose any one-time discretionary funding. Although CalSTRS reduced the employer share of the unfunded liability for both 2019-20 and 2020-21. There is also the proposed Special Education School Readiness Grant which is based on Special Education pupil counts.

This financial position allows the Board of Education the opportunity to continue to improve programs and services through the LCAP while balancing with other expenses such as the unfunded retirement liability of the CalSTRS and CalPERS retirement systems, employee salary and benefit enhancements, and restoration of prior unfunded positions.

Overall, the District's fiscal position remains stable. The most recent Legislative Analyst's Office forecast shows the potential for positive years for the State over the next several years. The Administration remains cautiously optimistic that the economic indicators will hold true; however fiduciary responsibility dictates that the District continue to stay ahead of any potential funding or expense cliff(s) with the expiration of short term sales taxes and the increased cost of funding the CalSTRS and CalPERS retirement systems.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it received. If you have questions about this report or need any additional financial information, contact the Business Office, Washington Unified School District, 930 Westacre Road, West Sacramento, California 95691 or call 916-375-7600.

BASIC FINANCIAL STATEMENTS

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 60,844,609
Receivables	7,294,240
Prepaid expenses	950
Stores inventory	111,711
Non-depreciable capital assets (Note 4)	39,616,016
Depreciable capital assets, net of accumulated depreciation (Note 4)	227,076,921
Total assets	334,944,447
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - pensions (Notes 7 and 8)	28,414,879
Deferred outflow of resources - OPEB (Note 9)	407,572
Deferred loss on refunding of debt	2,043,927
Total deferred outflows of resources	30,866,378
LIABILITIES	
Accounts payable	8,847,730
Unearned revenue	1,654,887
Long-term liabilities (Note 5):	
Due within one year	10,118,925
Due in more than one year	291,252,524
Total liabilities	311,874,066
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pensions (Notes 7 and 8)	3,352,000
Deferred inflow of resources - OPEB (Note 9)	238,458
Total deferred inflows of resources	3,590,458
NET POSITION	
Net investment in capital assets	117,086,538
Restricted:	
Legally restricted programs	188,047
Capital projects	5,967,047
Debt service	15,208,049
Unrestricted	(88,103,380)
Total net position	$ 50,346,301

See accompanying notes to financial statements.

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 63,458,086	$ -	$ 15,323,812	$ 1,500,000	$ (46,634,274)
Instruction-related services:					
Supervision of instruction	3,325,956	-	644,689	-	(2,681,267)
Instructional library, media and technology	666,884	-	51,495	-	(615,389)
School site administration	6,854,442	-	969,470	-	(5,884,972)
Pupil services:					
Home-to-school transportation	3,305,134	-	88,964	-	(3,216,170)
Food services	5,452,320	927,500	4,096,172	-	(428,648)
All other pupil services	5,669,443	-	1,666,464	-	(4,002,979)
General administration:					
Data processing	3,131,166	-	375	-	(3,130,791)
All other general administration	5,156,885	50,178	1,160,261	-	(3,946,446)
Plant services	18,319,753	-	347,854	-	(17,971,899)
Ancillary services	558,955	-	30,544	-	(528,411)
Interest on long-term debt	7,187,050	-	-	-	(7,187,050)
Other outgo	665,875	-	2,416,291	-	1,750,416
Total governmental activities	$ 123,751,949	$ 977,678	$ 26,796,391	$ 1,500,000	(94,477,880)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					19,092,380
Taxes levied for debt service					7,255,680
Taxes levied for other specific purposes					710,710
Federal and state aid not restricted to specific purposes					59,228,340
Interest and investment earnings					1,053,588
Miscellaneous					2,019,166
Total general revenues					89,359,864
Change in net position					(5,118,016)
Net position, July 1, 2018					55,464,317
Net position, June 30, 2019					$ 50,346,301

See accompanying notes to financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS							
Cash and investments:							
Cash in County Treasury	$ 14,205,714	$ -	$ 24,259,516	$ 6,342,803	$ 10,152,321	$ 5,838,664	$ 60,799,018
Cash on hand and in banks	-	16,828	-	-	-	-	16,828
Cash in revolving fund	25,000	-	-	-	-	-	25,000
Cash with Fiscal Agent	-	-	-	3,763	-	-	3,763
Receivables	5,327,571	1,130,881	165,873	36,455	-	633,460	7,294,240
Prepaid expenditures	950	-	-	-	-	-	950
Due from other funds	1,867,047	1,361	-	766,980	-	675,363	3,310,751
Stores inventory	6,484	105,227	-	-	-	-	111,711
Total assets	$ 21,432,766	$ 1,254,297	$ 24,425,389	$ 7,150,001	$ 10,152,321	$ 7,147,487	$ 71,562,261
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 4,791,376	$ 135,636	$ 1,309,360	$ 19,837	$ -	$ 111,486	$ 6,367,695
Unearned revenue	591,417	-	-	1,059,469	-	4,001	1,654,887
Due to other funds	1,443,704	1,113,383	764	2,408	-	750,492	3,310,751
Total liabilities	6,826,497	1,249,019	1,310,124	1,081,714	-	865,979	11,333,333
Fund balances:							
Nonspendable	32,434	105,227	-	-	-	-	137,661
Restricted	1,660,619	-	23,115,265	6,068,287	10,152,321	6,281,508	47,278,000
Unassigned	12,913,216	(99,949)	-	-	-	-	12,813,267
Total fund balances	14,606,269	5,278	23,115,265	6,068,287	10,152,321	6,281,508	60,228,928
Total liabilities and fund balances	$ 21,432,766	$ 1,254,297	$ 24,425,389	$ 7,150,001	$ 10,152,321	$ 7,147,487	$ 71,562,261

See accompanying notes to financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - Governmental Funds		$ 60,228,928
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $349,781,195 and the accumulated depreciation is $83,088,258 (Note 4).		266,692,937
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2019 consisted of (Note 5):		
General Obligation Bonds	$ (89,623,895)	
Accreted interest	(20,955,992)	
Unamortized premiums on debt	(7,589,750)	
Certificates of Participation	(64,535,000)	
Qualified School Construction Bonds	(8,885,432)	
Clean Renewable Energy Bonds	(5,275,765)	
Net pension liability (Notes 7 and 8)	(92,424,000)	
Other post-employment benefits (Note 9)	(11,921,661)	
Compensated absences	(159,954)	
		(301,371,449)
Unmatured interest on long-term liabilities is recognized in the period incurred.		(2,480,035)
Losses on the refunding of debt and debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the debt.		2,043,927
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	28,414,879	
Deferred outflows of resources relating to OPEB	407,572	
Deferred inflows of resources relating to OPEB	(238,458)	
Deferred inflows of resources relating to pensions	(3,352,000)	
		25,231,993
Total net position - governmental activities		$ 50,346,301

See accompanying notes to financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:							
Local Control Funding Formula (LCFF):							
State apportionment	$ 57,395,026	$ -	$ -	$ -	$ -	$ 597,983	$ 57,993,009
Local sources	17,323,707	-	-	-	-	125,043	17,448,750
Total LCFF	74,718,733	-	-	-	-	723,026	75,441,759
Federal sources	4,364,860	3,888,964	-	-	-	107,893	8,361,717
Other state sources	13,096,837	423,663	-	-	44,766	3,031,582	16,596,848
Other local sources	4,293,119	977,678	639,168	3,564,435	7,358,992	615,217	17,448,609
Total revenues	96,473,549	5,290,305	639,168	3,564,435	7,403,758	4,477,718	117,848,933
Expenditures:							
Current:							
Certificated salaries	37,480,292	-	-	-	-	1,023,116	38,503,408
Classified salaries	14,001,743	1,548,932	-	-	-	513,880	16,064,555
Employee benefits	23,943,020	801,309	-	-	-	744,834	25,489,163
Books and supplies	4,440,818	1,961,738	1,169,019	1,643	-	47,010	7,620,228
Contract services and operating expenditures	11,449,774	785,646	627,717	139,322	-	124,591	13,127,050
Other outgo	665,875	-	-	-	-	-	665,875
Capital outlay	1,771,519	-	5,826,025	-	-	1,735,044	9,332,588
Debt service:							
Principal retirement	-	-	-	2,185,000	3,970,000	422,989	6,577,989
Interest	-	-	-	2,592,391	2,721,175	416,240	5,729,806
Total expenditures	93,753,041	5,097,625	7,622,761	4,918,356	6,691,175	5,027,704	123,110,662
Excess (deficiency) of revenues over (under) expenditures	2,720,508	192,680	(6,983,593)	(1,353,921)	712,583	(549,986)	(5,261,729)
Other financing (uses) sources:							
Transfers in	439,365	81,869	-	295,330	-	604,972	1,421,536
Transfers out	(982,171)	(270,632)	-	-	-	(168,733)	(1,421,536)
Total other financing (uses) sources	(542,806)	(188,763)	-	295,330	-	436,239	-
Change in fund balances	2,177,702	3,917	(6,983,593)	(1,058,591)	712,583	(113,747)	(5,261,729)
Fund balances, July 1, 2018	12,428,567	1,361	30,098,858	7,126,878	9,439,738	6,395,255	65,490,657
Fund balances, June 30, 2019	$ 14,606,269	$ 5,278	$ 23,115,265	$ 6,068,287	$ 10,152,321	$ 6,281,508	$ 60,228,928

See accompanying notes to financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - Total Governmental Funds	$ (5,261,729)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	9,049,562
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(6,831,978)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	6,577,989
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	(299,031)
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 5)	607,205
Accreted interest is an expense that is not recorded in the governmental funds (Note 5)	(2,119,398)
In governmental funds, interest on long-term liabilities 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.	353,980
In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis (Notes 5 and 9).	(1,173,092)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8).	(6,078,371)
In the statement of activities, expenditures related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	56,847
Change in net position of governmental activities	$ (5,118,016)

See accompanying notes to financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2019

	Foundation Trust Fund	Student Body Funds
ASSETS		
Cash and investments (Note 2):		
Cash in County Treasury	$ 2,139	$ -
Cash on hand and in banks	-	237,319
Local Agency Investment Fund	40,000	-
Accounts receivable	16	-
Total assets	$ 42,155	$ 237,319
LIABILITIES		
Due to student groups	-	$ 237,319
NET POSITION		
Restricted for trust expenditures	$ 42,155	

See accompanying notes to financial statements.

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2019

	Foundation Trust Fund
Additions:	
Interest	$ 58
Deductions:	
Contract services and operating expenditures	500
Change in net position	(442)
Net position, July 1, 2018	42,597
Net position, June 30, 2019	$ 42,155

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities.

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Cafeteria Fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

The Building and Capital Facilities Funds are capital project funds used to account for resources used for the acquisition or construction of major capital facilities by the District.

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

B - Other Funds

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

Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. The County School Facilities and Special Reserve for Capital Outlay Projects Funds are capital project funds used to provide for the accumulation of general fund moneys for capital outlay purposes.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Foundation Trust Fund is used to account for assets held by the District as Trustee.

The Student Body Fund is a fiduciary fund for which the District act as an Agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2019.

Stores Inventory: Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

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

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability and total OPEB liability which is in the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 19,809,554	$ 8,605,325	$ 28,414,879
Deferred inflows of resources	$ 3,352,000	$ -	$ 3,352,000
Net pension liability	$ 63,207,000	$ 29,217,000	$ 92,424,000
Pension expense	$ 15,055,479	$ 7,202,822	$ 22,258,301

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

Compensated Absences: Compensated absences totaling $159,954 are recorded as a liability of the District. The liability is for the earned but unused benefits. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the District if all the benefits were to be paid.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and CalPERS employees, when the employee retires.

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

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

Net Position: Net position is displayed in three components:

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2- Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2019, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2019, no such designation has occurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2019, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 15 and March 15. Unsecured property taxes are due in one installment on or before August 31. The County of Yolo bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

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

(Continued)

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2019 are reported at fair value and consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 60,799,018	$ 2,139
Local Agency Investment Fund	-	40,000
Total pooled funds	60,799,018	42,139
Deposits:		
Cash on hand and in banks	16,828	237,319
Cash in revolving fund	25,000	-
Total deposits	41,828	237,319
Investments:		
Cash with Fiscal Agent	3,763	-
Total cash and investments	$ 60,844,609	$ 279,458

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Yolo County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District’s investment in the pool is reported in the financial statements at amounts based upon the District’s prorata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Local Agency Investment Fund: The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the District's accounts was $279,147 and the bank balance was $236,045. No amounts were uninsured at June 30, 2019.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the District had no significant interest rate risk related to cash and investments held.

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

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2019 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 1,867,047	$ 1,443,704
Cafeteria	1,361	1,113,383
Building	-	764
Capital Facilities	766,980	2,408
Non-Major Funds:		
Charter Schools	106,894	200,528
Adult Education	-	8,841
Child Development	253,298	541,123
Debt Service	315,171	-
Totals	$ 3,310,751	$ 3,310,751

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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

Interfund transfers for the 2018-2019 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund to cover unpaid lunches.	$ 81,869
Transfer from the General Fund to the Capital Facilities Fund for debt repayments.	295,330
Transfer from the General Fund to the Charter Schools Fund to cover operating costs.	36,512
Transfer from the General Fund to the Child Development Fund to cover operating costs.	253,289
Transfer from the General Fund to the Debt Service Fund for debt repayments.	315,171
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	270,632
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	54,516
Transfer from the Adult Education Fund to the General Fund for indirect costs.	15,331
Transfer from the Child Development Fund to the General Fund for indirect costs.	98,886
	$ 1,421,536

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

Governmental Activities	Balance July 1, 2018	Additions	Transfers and Deductions	Balance June 30, 2019
Non-depreciable:				
Land	$ 29,155,759	$ -	$ -	$ 29,155,759
Work-in-process	18,177,014	7,816,760	(15,533,517)	10,460,257
Depreciable:				
Buildings	231,897,595	14,424,987	-	246,322,582
Site improvements	45,965,482	1,108,530	-	47,074,012
Equipment	15,535,783	1,232,802	-	16,768,585
Totals, at cost	340,731,633	24,583,079	(15,533,517)	349,781,195
Less accumulated depreciation:				
Buildings	(55,689,512)	(5,715,866)	-	(61,405,378)
Site improvements	(9,644,646)	(1,355,647)	-	(11,000,293)
Equipment	(10,922,122)	-	(239,535)	(10,682,587)
Total accumulated depreciation	(76,256,280)	(7,071,513)	(239,535)	(83,088,258)
Capital assets, net	$ 264,475,353	$ 17,511,566	$ (15,293,982)	$ 266,692,937

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 33,319
Home to school	197,523
Food services	12,176
All other pupil services	2,775
All other general administration	2,244
Centralized Data Processing	546,409
Plant services	6,277,067
Total depreciation expense	$ 7,071,513

(Continued)

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2019 follows:

Series	Interest Rate	Original Maturity	Balance July 1, 2018	Current Year Issuance	Current Year Matured	Balance June 30, 2019
2004, Series A	5.0% to 5.25	August 2029	$ 3,279,422	$ -	$ -	$ 3,279,422
2004, Series B	4.0% to 5.4%	August 2031	10,554,040	-	-	10,554,040
1999, Series B	4.0% to 7.51%	August 2031	6,905,433	-	-	6,905,433
2010 Refunding	2% to 4%	August 2025	6,345,000	-	615,000	5,730,000
2012 Refunding	2.0% to 4.0%	August 2022	13,765,000	-	2,205,000	11,560,000
2016	3.15% to 5.0%	August 2040	22,620,000	-	-	22,620,000
2016 Refunding	3.0% to 5.0%	August 2024	5,225,000	-	735,000	4,490,000
2014, Series 2017	3.0% to 5.0%	August 2042	24,900,000	-	415,000	24,485,000
			$ 93,593,895	$ -	$ 3,970,000	$ 89,623,895

In August 2004, the District issued 2004 General Obligation Bonds, Series A totaling $39,999,040. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 5.0% to 5.25% and are scheduled to mature through August 2029. With the issuance of the 2012 Refunding General Obligation Bonds in October 2012, all of the current interest Series A bonds were refunded.

In November 2006, the District issued 2004 General Obligation Bonds, Series B totaling $12,000,433. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest and capital appreciation bonds bear interest rates from 4.0% to 5.4% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $2,895,000 of the current interest Series B bonds were refunded.

In February 2007, the District issued 1999 General Obligation Bonds, Series B totaling $7,469,422. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 4.0% to 7.51% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $3,410,000 of the current interest Series B bonds were refunded.

In November 2010, the District issued 2010 General Obligation Refunding Bonds in the aggregate principal amount of $9,510,000 for the purpose of refunding $8,740,000 of its 1999 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 4% and mature through August 2025.

In October 2012, the District issued 2012 General Obligation Refunding Bonds, consisting of $21,150,000 Serial Bonds. The proceeds were to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 2.0% to 4.0% and are scheduled to mature through August 2022.

In July 2015, the District issued 2016 General Obligation Bonds, consisting of $24,900,000 Serial Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.15% to 5.0% and are scheduled to mature through August 2040.

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In July 2015, the District issued 2016 General Obligation Refunding Bonds, consisting of $5,945,000 Serial Bonds. The proceeds are to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series B and 1999 General Obligation Bonds, Series B. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.0% to 5.0% and are scheduled to mature through August 2024.

In June 2017, the District issued General Obligation Bonds Election of 2014, Series 2017 in the amount of $24,900,000 to finance specific school facilities projects. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds were issued at interest rates ranging from 3.0% to 5.0% and are scheduled to mature through August 2042.

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 4,380,000	$ 2,552,150	$ 6,932,150
2021	4,910,000	2,360,675	7,270,675
2022	5,485,000	2,338,263	7,823,263
2023	5,764,625	3,689,088	9,453,713
2024	4,216,849	5,073,306	9,290,155
2025-2029	20,230,291	32,679,329	52,909,620
2030-2034	16,702,130	20,163,645	36,865,775
2035-2039	13,845,000	3,827,234	17,672,234
2040-2043	14,090,000	985,284	15,075,284
	$ 89,623,895	$ 73,668,974	$ 163,292,869

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Certificates of Participation: In December 2014, the District issued Certificates of Participation (COPs) in the amount of $6,055,000 with an interest rate from 2.0% to 3.75% maturing through December 2039. The annual requirements to amortize the COPs as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 100,000	$ 203,806	$ 303,806
2021	115,000	201,081	316,081
2022	130,000	197,406	327,406
2023	145,000	193,281	338,281
2024	160,000	188,706	348,706
2025-2029	1,105,000	847,356	1,952,356
2030-2034	1,625,000	605,603	2,230,603
2035-2039	1,925,000	284,722	2,209,722
2040	495,000	9,281	504,281
	$ 5,800,000	$ 2,731,242	$ 8,531,242

In June 2017, the District issued Certificates of Participation (COPs) in the amount of $63,805,000 with an interest rate from 3.0% to 5.0% maturing through August 2036. The proceeds are used to refund in full the 2007 COPs, to finance various capital improvements, and to pay certain delivery costs of the Certificates. The annual requirements to amortize the COPs as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 2,190,000	$ 2,279,644	$ 4,469,644
2021	2,305,000	2,167,269	4,472,269
2022	2,425,000	2,049,019	4,474,019
2023	2,540,000	1,924,894	4,464,894
2024	2,675,000	1,794,519	4,469,519
2025-2029	15,435,000	6,844,619	22,279,619
2030-2034	18,730,000	3,455,144	22,185,144
2035-2037	12,435,000	583,672	13,018,672
	$ 58,735,000	$ 21,098,780	$ 79,833,780

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Qualified School Construction Bonds: On April 9, 2010, the District received $8,885,432 financing in the form of Qualified School Construction Bonds (QSCB) to provide resources for the implementation of a district-wide energy efficiency projects including the solar project at the River City High School. Under the lease, the principal components of the QSCB payments to be paid by the District are to be accumulated in a sinking fund and are to be paid in a lump sum on March 15, 2026, the maturity date. As of June 30, 2019, $4,711,446 was held by Yolo County Treasury as fiscal agent in the sinking fund. The bonds bear interest at 1.42% payable quarterly. The annual requirements to amortize the QSCB as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ -	$ 126,172	$ 126,172
2021	-	126,172	126,172
2022	-	126,172	126,172
2023	-	126,172	126,172
2024	-	126,172	126,172
2025-2026	8,885,432	157,715	9,043,147
	$ 8,885,432	$ 788,575	$ 9,674,007

Clean Renewable Energy Bonds: On October 23, 2012, the District issued $7,306,260 of Clean Renewable Energy Bonds (CREB) at an interest rate of 5.09%, maturing through October 2029 to fund solar projects. The District receives a Federal interest subsidy. The full value of the subsidy rate is 3.01%. The amount of the Federal subsidy has in the past, and may in the future, be decreased. The annual requirements to amortize the CREB as of June 30, 2019 are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 431,787	$ 268,536	$ 700,323
2021	440,768	246,558	687,326
2022	449,936	224,123	674,059
2023	459,294	201,221	660,515
2024	468,848	177,844	646,692
2025-2029	2,494,642	521,167	3,015,809
2030	530,490	27,001	557,491
	$ 5,275,765	$ 1,666,450	$ 6,942,215

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 93,593,895	$ -	$ 3,970,000	$ 89,623,895	$ 4,380,000
Accreted Interest	18,836,594	2,119,398	-	20,955,992	2,234,092
Premium on issuance of long-term debt	8,196,955	-	607,205	7,589,750	623,092
Certificates of Participation	66,720,000	-	2,185,000	64,535,000	2,290,000
Qualified School Construction Bonds	8,885,432	-	-	8,885,432	-
Clean Renewable Energy Bonds	5,698,754	-	422,989	5,275,765	431,787
Net pension liability (Notes 7 and 8)	87,992,000	4,432,000	-	92,424,000	-
Total OPEB Liability (Note 9)	10,987,251	934,410	-	11,921,661	-
Compensated absences	216,801	-	56,847	159,954	159,954
	$ 301,127,682	$ 7,485,808	$ 7,242,041	$ 301,371,449	$ 10,118,925

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the Qualified School Construction Bonds and the Clean Renewable Energy Bonds are made from the Debt Service Fund. Payments on net pension liability, compensated absences and the total OPEB liability are made from the fund for which the related employee worked.

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:							
Revolving cash fund	$ 25,000	$ -	$ -	$ -	$ -	$ -	$ 25,000
Prepaid expenditures	950	-	-	-	-	-	950
Stores inventory	6,484	105,227	-	-	-	-	111,711
Subtotal nonspendable	32,434	105,227	-	-	-	-	137,661
Restricted:							
Legally restricted programs	1,660,619	-	-	-	-	182,769	1,843,388
Capital projects	-	-	23,115,265	6,068,287	-	1,043,011	30,226,563
Debt service	-	-	-	-	10,152,321	5,055,728	15,208,049
Subtotal restricted	1,660,619	-	23,115,265	6,068,287	10,152,321	6,281,508	47,278,000
Unassigned:							
Designated for economic uncertainty	5,598,820	-	-	-	-	-	5,598,820
Unassigned	7,314,396	(99,949)	-	-	-	-	7,214,447
Subtotal unassigned	12,913,216	(99,949)	-	-	-	-	12,813,267
Total fund balances	$ 14,606,269	$ 5,278	$ 23,115,265	$ 6,068,287	$ 10,152,321	$ 6,281,508	$ 60,228,928

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

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

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

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

(Continued)

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

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

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

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

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-2019. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-2019.

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

Employers – 16.28 percent of applicable member earnings.

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

(Continued)

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-2019 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $6,009,554 to the plan for the fiscal year ended June 30, 2019.

State - 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2017.
(3)The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 63,207,000
State's proportionate share of the net pension liability associated with the District	36,189,000
Total	$ 99,396,000

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District's proportion was 0.069 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $15,055,479 and revenue of $6,546,646 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 196,000	$ 918,000
Changes of assumptions	9,819,000	-
Net differences between projected and actual earnings on investments	-	2,434,000
Changes in proportion and differences between District contributions and proportionate share of contributions	3,785,000	-
Contributions made subsequent to measurement date	6,009,554	-
Total	$ 19,809,554	$ 3,352,000

(Continued)

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

$6,009,554 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 3,164,767
2021	$ 2,252,767
2022	$ 594,767
2023	$ 2,028,767
2024	$ 2,326,267
2025	$ 80,665

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

(Continued)

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

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

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Inflation Sensitive	4	3.80
Absolute Return / Risk Mitigating Strategies	9	2.90
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 92,590,000	$ 63,207,000	$ 38,845,000

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

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

General Information about the Public Employer's Retirement Fund B

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

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

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

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

(Continued)

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-2019.

Employers - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed $2,629,325 to the plan for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of $29,217,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2018, the District's proportion was 0.110 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $7,202,822 and revenue of $994,403 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,915,000	$ -
Changes of assumptions	2,917,000	-
Net differences between projected and actual earnings on investments	240,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	904,000	-
Contributions made subsequent to measurement date	2,629,325	-
Total	$ 8,605,325	$ -

(Continued)

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

$2,629,325 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 3,428,000
2021	$ 2,554,000
2022	$ 166,500
2023	$ (172,500)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

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

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1-10 (1)	Expected Real Rate of Return Years 11+(2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	6	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	2	(0.40)	(0.92)

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be found at CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 42,539,000	$ 29,217,000	$ 18,165,000

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

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees. All employees who retire from the District on or after attaining age 55 with at least 10 years of service. The plan does not issue separate financial statements.

The Washington Unified School District's Plan is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2019 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019;

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	47
Active employees	780
	827

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Benefits Provided*:* The benefits provided are the same as those provided for active employees.

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

Contributions to the Plan from the District were $407,752 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

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

Valuation Date	June 30, 2017
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	PERS - Healthy post retirement rates developed in 2014 California PERS experience study.
	STRS - Match rates developed in 2009 experience study.
Discount Rate	3.8%. Based on the Bond Buyer 20-Bond Index, as published by the Federal Reserve.
Retirement Rate	Retirement rates march rates developed in the experience studies for California PERS (2009) and California STRS (2009).
Inflation Rate	2.75% per year
Salary Increases	2.75% per year

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Medicare Coverage	All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
Health Care Inflation	4%
Termination Rate	Termination rates match rates developed in the experience studies for California PERS (2009) and California STRS (2009).
Disability Rate	None
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 10,987,251
Changes for the year:	
Service cost	1,286,346
Interest	432,258
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	(273,786)
Benefit payments	(510,408)
Administrative expenses	-
Net change	934,410
Balance at June 30, 2019	$ 11,921,661

There were no changes between the measurement date and the year ended June 30, 2019, which had a significant effect on the District's total OPEB liability.

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:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB liability	$ 12,766,804	$ 11,921,661	$ 11,137,269

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	$ 11,114,319	$ 11,921,661	$ 12,791,448

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

For the year ended June 30, 2019, the District recognized OPEB expense of $1,700,940. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	238,458
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	407,752	-
Total	$ 407,752	$ 238,458

$407,752 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2020	$ (17,664)
2021	$ (17,664)
2022	$ (17,664)
2023	$ (17,664)
2024	$ (17,664)
Thereafter	$ (150,138)

The effect of changes in assumptions are amortized over a closed period of 10 years as of the June 30, 2018 measurement date.

(Continued)

NOTE 10 - JOINT POWERS AGREEMENTS

The District participates in five joint ventures under joint powers agreements.

Northern California Regional Liability Excess Fund: The District is a member with other school districts in Northern California Regional Liability Excess Fund (NCReLiEF) for the operation of a common risk management and insurance program. NCReLiEF is governed by a board consisting of representatives of member districts. The board controls the operations of NCReLiEF, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for NCReLiEF for the year ended June 30, 2018 is as follows:

Total assets	$ 77,792,147
Total liabilities	$ 65,492,460
Net position	$ 12,299,687
Total revenues	$ 53,890,408
Total expenditures	$ 57,636,800
Change in net position	$ (3,746,392)

School Project for Utility Rate Reduction: The District is a member in School Project for Utility Rate Reduction (SPURR), which is a California joint powers authority, whose members are California public K-12 school districts, community college districts and county offices of education. SPURR provides members access to the wholesale natural gas market that would otherwise be unavailable to them.

Condensed audit information for SPURR for the year ended June 30, 2017 (the latest information available) is as follows:

Total assets	$ 12,938,796
Total liabilities	$ 6,141,634
Net position	$ 6,797,162
Total revenue	$ 41,248,511
Total expenditures	$ 39,954,213
Change in net position	$ 1,294,298

North Valley Schools Insurance Group: The District is a member with other districts in North Valley Schools Insurance Group (NVSIG) for the operation of a common risk management and insurance program for workers' compensation. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for NVSIG for the year ended June 30, 2018 (most recent information available) is as follows:

Total assets	$ 3,308,256
Total liabilities	$ 1,738,535
Net position	$ 1,569,721
Total revenues	$ 13,843,468
Total expenditures	$ 13,840,086
Change in net position	$ 3,382

(Continued)

NOTE 10 - JOINT POWERS AGREEMENTS (Continued)

Schools Excess Liability Fund: The District is a member with other districts in Schools Excess Liability Fund (SELF) for the purpose of providing excess insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for SELF for the year ended June 30, 2018 (most recent information available) is as follows:

Total assets	$ 118,692,006
Deferred outflows of resources	$ 497,939
Total liabilities	$ 101,064,545
Deferred inflows of resources	$ 28,087
Net position	$ 18,097,313
Total revenues	$ 15,139,473
Total expenditures	$ 19,471,187
Change in net position	$ (4,331,714)

The Protected Insurance Program for Schools: The District is a member with other districts in the Protected Insurance Program for Schools (PIPS) for the purpose of providing an alternative for workers' compensation coverage. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for PIPS for the year ended June 30, 2018 (most recent information available) is as follows:

Total assets	$ 128,632,982
Total liabilities	$ 104,498,678
Net position	$ 24,134,304
Total revenues	$ 310,649,471
Total expenditures	$ 303,959,631
Change in net position	$ 6,689,840

The relationship between the District and the Joint Powers Authorities is such that they are not component units of the District for financial reporting purposes.

NOTE 11 - CONTINGENCIES

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

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

Construction Commitments: As of June 30, 2019, the District has approximately $1.0 million in outstanding commitments on construction contracts.

(Continued)

NOTE 12 - SUBSEQUENT EVENTS

In July 2019, the District issued 2019 General Obligation Refunding Bonds in the aggregate principal amount of $4,670,000 for the purpose of refunding $5,070,000 of its 2010 General Obligation Refunding Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rate of 5% and mature through August 2025.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 49,639,203	$ 57,395,026	$ 57,395,026	$ -
Local sources	24,883,068	17,323,707	17,323,707	-
Total LCFF	74,522,271	74,718,733	74,718,733	-
Federal sources	4,114,739	4,364,860	4,364,860	-
Other state sources	7,402,036	13,096,837	13,096,837	-
Other local sources	2,945,090	4,293,119	4,293,119	-
Total revenues	88,984,136	96,473,549	96,473,549	-
Expenditures:				
Current:				
Certificated salaries	38,260,204	37,480,292	37,480,292	-
Classified salaries	13,746,599	14,001,743	14,001,743	-
Employee benefits	19,515,710	23,943,020	23,943,020	-
Books and supplies	23,943,019	4,440,818	4,440,818	-
Contract services and operating expenditures	10,183,746	11,449,774	11,449,774	-
Other outgo	417,644	665,875	665,875	-
Capital outlay	525,669	1,771,519	1,771,519	-
Total expenditures	106,592,591	93,753,041	93,753,041	-
Deficiency of revenues under expenditures	(17,608,455)	2,720,508	2,720,508	-
Other financing sources (uses):				
Transfers in	-	439,365	439,365	-
Transfers out	(1,119,019)	(982,171)	(982,171)	-
Total other financing uses	(1,119,019)	(542,806)	(542,806)	-
Change in fund balance	(18,727,474)	2,177,702	2,177,702	-
Fund balance, July 1, 2018	12,428,567	12,428,567	12,428,567	-
Fund balance, June 30, 2019	$ (6,298,907)	$ 14,606,269	$ 14,606,269	$ -

See accompanying note to required supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT
CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 3,690,000	$ 3,888,964	$ 3,888,964	$ -
Other state sources	311,000	423,663	423,663	-
Other local sources	600,000	977,678	977,678	-
Total revenues	4,601,000	5,290,305	5,290,305	-
Expenditures:				
Current:				
Classified salaries	1,599,421	1,548,932	1,548,932	-
Employee benefits	698,684	801,309	801,309	-
Books and supplies	2,078,676	1,961,738	1,961,738	-
Contract services and operating expenditures	45,000	785,646	785,646	-
Capital outlay	239,219	-	-	-
Total expenditures	4,661,000	5,097,625	5,097,625	-
Deficiency of revenues under expenditures	(60,000)	192,680	192,680	-
Other financing uses:				
Transfers in	60,000	81,869	81,869	-
Transfers out	-	(270,632)	(270,632)	-
Total other financing uses	60,000	(188,763)	(188,763)	-
Change in fund balance	-	3,917	3,917	-
Fund balance, July 1, 2018	1,361	1,361	1,361	-
Fund balance, June 30, 2019	$ 1,361	$ 5,278	$ 5,278	$ -

See accompanying note to required supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	2018	2019
Total OPEB liability		
Service cost	$ 1,251,918	$ 1,286,346
Interest	358,098	432,258
Change in assumptions	-	(273,786)
Benefit payments	(490,777)	(510,408)
Net change in total OPEB liability	1,119,239	934,410
Total OPEB liability, beginning of year	9,868,012	10,987,251
Total OPEB liability, end of year	$ 10,987,251	$ 11,921,661
Covered employee payroll	$ 54,895,662	$ 54,567,965
Total OPEB liability as a percentage of covered-employee payroll	20.01%	21.85%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.061%	0.065%	0.064%	0.068%	0.069%
District's proportionate share of the net pension liability	$ 35,796,000	$ 43,680,000	$ 51,958,000	$ 62,864,000	$ 63,207,000
State's proportionate share of the net pension liability associated with the District	21,615,000	23,102,000	29,582,000	37,190,000	36,189,000
Total net pension liability	$ 57,411,000	$ 66,782,000	$ 81,540,000	$100,054,000	$ 99,396,000
District's covered payroll	$ 27,283,000	$ 30,114,000	$ 32,015,000	$ 36,027,000	$ 36,608,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	172.66%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

All years prior to 2015 are not available.

(Continued)

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.095%	0.096%	0.103%	0.105%	0.110%
District's proportionate share of the net pension liability	$ 10,792,000	$ 14,177,000	$ 20,255,000	$ 25,128,000	$ 29,217,000
District's covered payroll	$ 9,979,000	$ 10,648,000	$ 12,304,000	$ 13,421,000	$ 14,453,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.14%	164.62%	187.23%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 2,674,147	$ 3,516,270	$ 4,532,187	$ 5,460,830	$ 6,009,554
Contributions in relation to the contractually required contribution	(2,674,147)	(3,516,270)	(4,532,187)	(5,460,830)	(6,009,554)
District's covered payroll	$ 30,114,000	$ 32,015,000	$ 36,027,000	$ 36,608,000	$ 36,914,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.92%	16.28%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 1,253,374	$ 1,463,761	$ 1,864,160	$ 2,245,420	$ 2,629,325
Contributions in relation to the contractually required contribution	(1,253,374)	(1,463,761)	(1,864,160)	(2,245,420)	(2,629,325)
District's covered payroll	$ 10,648,000	$ 12,304,000	$ 13,421,000	$ 14,453,000	$ 14,557,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in the Total of Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's Total OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

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

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

D – Schedule of the District Contributions

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

E – Changes of Benefit Terms

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

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

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

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

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Debt Service Fund	Total
ASSETS							
Cash in County Treasury	$ 109,682	$ 17,810	$ (30,870)	$ 3,799	$ 1,026,797	$ 4,711,446	$ 5,838,664
Receivables	90,179	174,054	327,701	6,102	6,313	29,111	633,460
Due from other funds	106,894	-	253,298	-	-	315,171	675,363
Total assets	$ 306,755	$ 191,864	$ 550,129	$ 9,901	$ 1,033,110	$ 5,055,728	$ 7,147,487
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 102,891	$ 2,228	$ 6,367	$ -	$ -	$ -	$ 111,486
Due to other funds	200,528	8,841	541,123	-	-	-	750,492
Unearned revenue	963	538	2,500	-	-	-	4,001
Total liabilities	304,382	11,607	549,990	-	-	-	865,979
Fund balances:							
Restricted	2,373	180,257	139	9,901	1,033,110	5,055,728	6,281,508
Total fund balances	2,373	180,257	139	9,901	1,033,110	5,055,728	6,281,508
Total liabilities and fund balances	$ 306,755	$ 191,864	$ 550,129	$ 9,901	$ 1,033,110	$ 5,055,728	$ 7,147,487

WASHINGTON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Debt Service Fund	Total
Revenues:							
Local Control Funding Formula (LCFF):							
State apportionment	$ 597,983	$ -	$ -	$ -	$ -	$ -	$ 597,983
Local sources	125,043	-	-	-	-	-	125,043
Total LCFF	723,026	-	-	-	-	-	723,026
Federal sources	-	107,893	-	-	-	-	107,893
Other state sources	106,378	422,642	997,451	1,500,000	5,111	-	3,031,582
Other local sources	1,002	2,545	3,632	9,901	21,957	576,180	615,217
Total revenues	830,406	533,080	1,001,083	1,509,901	27,068	576,180	4,477,718
Expenditures:							
Current:							
Certificated salaries	465,545	222,261	335,310	-	-	-	1,023,116
Classified salaries	61,629	57,239	395,012	-	-	-	513,880
Employee benefits	237,395	122,029	385,410	-	-	-	744,834
Books and supplies	23,131	7,324	16,555	-	-	-	47,010
Contract services and operating expenditures	53,191	44,196	23,190	-	4,014	-	124,591
Capital outlay	-	-	-	1,500,000	235,044	-	1,735,044
Debt service:							
Principal retirement	-	-	-	-	-	422,989	422,989
Interest	-	-	-	-	-	416,240	416,240
Total expenditures	840,891	453,049	1,155,477	1,500,000	239,058	839,229	5,027,704
(Deficiency) excess of revenues (under) over expenditures	(10,485)	80,031	(154,394)	9,901	(211,990)	(263,049)	(549,986)
Other financing sources (uses):							
Transfers in	36,512	-	253,289	-	-	315,171	604,972
Transfers out	(54,516)	(15,331)	(98,886)	-	-	-	(168,733)
Total other financing sources (uses)	(18,004)	(15,331)	154,403	-	-	315,171	436,239
Net change in fund balances	(28,489)	64,700	9	9,901	(211,990)	52,122	(113,747)
Fund balances, July 1, 2018	30,862	115,557	130	-	1,245,100	5,003,606	6,395,255
Fund balances, June 30, 2019	$ 2,373	$ 180,257	$ 139	$ 9,901	$ 1,033,110	$ 5,055,728	$ 6,281,508

WASHINGTON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Assets:				
Cash on hand and in banks:				
Bridgeway Island Elementary	$ 22,181	$ 54,221	$ 57,537	$ 18,865
Westmore Oaks Elementary	13,100	6,917	5,766	14,251
Stonegate Elementary	23,095	34,362	35,929	21,528
River City High	174,599	439,796	437,079	177,316
Yolo High	6,369	-	1,010	5,359
Total assets	$ 239,344	$ 535,296	$ 537,321	$ 237,319
Liabilities:				
Due to student groups	$ 239,344	$ 535,296	$ 537,321	$ 237,319

Washington Unified School District was established on July 1, 1957 and comprises an area of approximately 23 square miles located in Yolo County. Washington Unified School District serves an ethnically diverse and growing population of 7,421 students, with a staff of 400 certificated employees and 350 classified employees. The district currently operates seven elementary schools (six K-8 schools and one Transitional Kindergarten-5 school), a comprehensive high school, an alternative high school, a dependent charter, an independent study program, and an adult education program. At least one additional elementary school is planned for the future to accommodate growth. There were no changes in District boundaries during the year.

BOARD OF EDUCATION

Name	Office	Term Expires
Jackie Thu-Huong Wong	President	2020
Coby Pizzoti	Vice President	2020
Preston Jackson	Clerk	2020
Sarah Kirby-Gonzalez	Trustee	2022
Norma Alcala	Trustee	2022

ADMINISTRATION

Linda Luna
Superintendent

Norma Gonzalez
Assistant Superintendent, Human Resources

Andy Parsons
Assistant Superintendent, Educational Services

Chris Mount- Benites
Chief Business Official

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2019

	Second Period Report	Annual Report
DISTRICT		
Certificate Number	9AB1BFEC	C7D3878
Elementary:		
Transitional Kindergarten through Third	2,255	2,255
Fourth through Sixth	1,697	1,698
Seventh and Eighth	1,165	1,164
Subtotal Elementary	5,117	5,117
Secondary:		
Ninth through Twelfth	2,161	2,133
Subtotal Secondary	2,161	2,133
District Totals	7,278	7,250
CHARTER SCHOOL		
Certificate Number	B9D1DC6A	998FC8D9
Charter School - Classroom-Based:		
Secondary	71	70

See accompanying notes to supplementary information.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2019

Grade Level	Statutory Minutes Require- ment	2018-2019 Actual Minutes	Number of Days Traditional Calendar	Status
District:				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,945	180	In Compliance
Grade 2	50,400	50,945	180	In Compliance
Grade 3	50,400	50,945	180	In Compliance
Grade 4	54,000	54,545	180	In Compliance
Grade 5	54,000	54,545	180	In Compliance
Grade 6	54,000	55,179	180	In Compliance
Grade 7	54,000	55,179	180	In Compliance
Grade 8	54,000	55,179	180	In Compliance
Grade 9	64,800	66,001	180	In Compliance
Grade 10	64,800	66,001	180	In Compliance
Grade 11	64,800	66,001	180	In Compliance
Grade 12	64,800	66,001	180	In Compliance
Charter School - Classroom-Based:				
Grade 9	64,800	67,210	180	In Compliance
Grade 10	64,800	67,210	180	In Compliance
Grade 11	64,800	67,210	180	In Compliance
Grade 12	64,800	67,210	180	In Compliance

See accompanying notes to supplementary information.

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	$ 1,527,349
84.027	Special Education, Part B Private School ISPs,	10115	15,393
84.173	Special Education: IDEA Preschool Staff Development, Part B, Sec 619	13431	451
84.173	Special Education: IDEA Preschool Grants, Part B	13430	33,467
84.027A	Special Education: IDEA Mental Health Services	14468	86,368
	Subtotal Special Education Cluster		1,663,028
	Adult Education Programs:		
84.002	Adult Education: Secondary Education	13978	54,180
84.002	Adult Education: Adult Basic Education & ESL	14508	19,553
84.002	Adult Education: English Literacy & Civics Education	14109	34,160
	Subtotal Adult Education Programs		107,893
	ESEA: Title III Programs:		
84.365	ESEA: Title III, Immigrant Education Program	15146	7,161
84.365	ESEA: Title III, Limited English Proficient (LEP) Student Program	14346	192,338
	Subtotal Title III Programs		199,499
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	1,928,386
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	68,631
84.060	Indian Education	10011	12,877
84.424	Title IV-Student Support and Academic Enrichment Grants	15396	87,978
84.367	ESEA: Title II, Part A, Improving Teacher Quality	14341	253,711
	Total U.S. Department of Education		4,322,003
	U.S. Department of Agriculture - Passed through California Department of Education		
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13396	3,235,683
10.558	Child Nutrition: Centers and Family Day Care Homes	13529	593,631
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	59,650
	Total U.S. Department of Agriculture		3,888,964

(Continued)

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.778	Medi-Cal Billing Option	10013	$ 73,278
	Total U.S. Department of Health and Human Services		73,278
	Total Federal Programs		$ 8,284,245

See accompanying notes to supplementary information.

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

	Bond Interest and Redemption Fund
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2019	$ 10,025,752
Adjustment to record a portion of the premium related to issuance of the Election of 2014, Series 2017 General Obligations bonds in the Bond Interest and Redemption Fund.	126,569
Audited Ending Fund Balances, June 30, 2019	$ 10,152,321

	Building Fund
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2019	$ 23,241,834
Adjustment to record a portion of the premium related to issuance of the Election of 2014, Series 2017 General Obligations bonds to the Bond Interest and Redemption Fund.	(126,569)
Audited Ending Fund Balances, June 30, 2019	$ 23,115,265

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

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2019
(UNAUDITED)

	(Budget) 2020	2019	2018	2017
General Fund				
Revenues and other financing sources	$ 90,838,132	$ 96,912,914	$ 85,347,431	$ 82,435,569
Expenditures	89,634,965	93,753,041	89,940,058	82,426,717
Other uses and transfers out	1,305,145	982,171	1,699,813	1,383,638
Total outgo	90,940,110	94,735,212	91,639,871	83,810,355
Change in fund balance	$ (101,978)	$ 2,177,702	$ (6,292,440)	$ (1,374,786)
Ending fund balance	$ 14,504,291	$ 14,606,269	$ 12,428,567	$ 18,721,007
Available reserves	$ 10,830,849	$ 12,913,216	$ 11,097,501	$ 4,923,272
Designated for economic uncertainties	$ 5,378,080	$ 5,598,820	$ 5,727,259	$ 4,923,272
Undesignated fund balance	$ 5,452,769	$ 7,314,396	$ 5,370,242	$ -
Available reserves as percentages of total outgo	11.9%	13.6%	12.1%	5.87%
All Funds				
Total long-term liabilities	$ 291,252,524	$ 301,371,449	$ 301,127,682	$ 285,021,753
Average daily attendance at P-2, excluding Adult and Charter School	7,310	7,278	7,408	7,347

The General Fund fund balance has decreased by $5,489,524 over the past three years. The fiscal year 2019-2020 budget projects an decrease of $101,978. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2019, the District has met this requirement.

The District has incurred an operating deficit in two of the past three years and anticipates an operating deficit during the fiscal year 2019-2020.

Total long-term liabilities have increased by $16,349,696 over the past two years.

Average daily attendance has decreased by 69 over the past two years. The District anticipates an increase of 32 ADA for the 2019-2020 fiscal year.

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0907 Washington Middle College High	Included as Charter Schools Fund
1338 Sacramento Valley Charter School	Separate Report
1659 River Charter Schools Lighthouse Charter School	Separate Report

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Washington Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 8,361,717
Medi-Cal Billing Option funds received and not spent	93.778	(77,472)
Total Schedule of Expenditure of Federal Awards		$ 8,284,245

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

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

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2019-2020 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

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

Board of Education
Washington Unified School District
West Sacramento, California

Report on Compliance with State Laws and Regulations

We have audited Washington Unified School District's compliance with the types of compliance requirements described in the State of California's *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2019.

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

(Continued)

The District did not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to the Early Retirement Incentive Program.

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

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

The District did not offer Apprenticeship: Related and Supplemental Instruction, therefore we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

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

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

The District did not report any ADA for Independent Study - Course Based; therefore, we did not perform any procedures related to the Independent Study - Course Based program.

The District does not operate a nonclassroom-based Charter School; therefore, we did not perform any procedures relating to Nonclassroom-Based Instruction/Independent Study for charter schools and Determination of Funding for Nonclassroom-Based Instruction, for charter schools.

The District did not receive Charter School Facility Grant Program funding in the current year, therefore, we did not perform any procedures related to Charter School Facility Grant Program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Washington Unified School District's compliance with state laws and regulations as listed above 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 *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Washington Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Opinion on Compliance with State Laws and Regulations

In our opinion Washington Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 4, 2019

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

Board of Education
Washington Unified School District
West Sacramento, 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 Washington Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Washington Unified School District's basic financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Unified 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 4, 2019

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

Board of Education
Washington Unified School District
West Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Washington Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Unified School District's major federal programs for the year ended June 30, 2019. Washington Unified School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Washington Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Washington Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Washington Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
December 4, 2019

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	__X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2018-001 Condition: At West Sacramento Middle College Prep Charter School, one student was improperly included for a total misstatement of 1 day. Recommendation: The District should ensure attendance records are accurately recorded.	Implemented.	