

WASHINGTON UNIFIED SCHOOL DISTRICT

**COUNTY OF SACRAMENTO
WEST SACRAMENTO, CALIFORNIA**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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WASHINGTON UNIFIED SCHOOL DISTRICT

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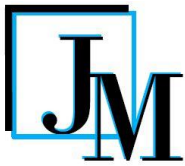
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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
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 the Washington Unified School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 opinion.

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 the Washington Unified School District (the “District”), as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Changes in District’s Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

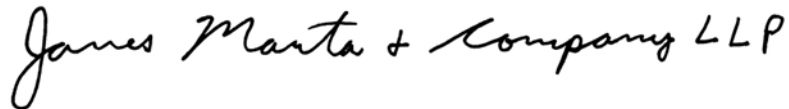
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by the August 2020 Edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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, 2020. 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 7,646 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 \$101,978 and the Adopted Budget Restricted General Fund projected a balance of \$0. The year ended with an Unrestricted General Fund surplus of \$20,200,740 and a Restricted General Fund surplus of \$1,666,303.
- Contributions to restricted programs were \$32K more than projected at the second financial reporting period for fiscal 2019-2020.
- The General Fund ended the year with a fund balance of \$21,914,061. This is an increase of \$7,307,793 from the prior fiscal year.
- Employee compensation increased by 1.2% for certificated and 1.875% classified employee groups for the 2019-2020 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.

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

- 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.

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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 \$63 million for the fiscal year ended June 30, 2020, resulting in an increase from the prior fiscal period's net position by \$12.7 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

Condensed Statement of Net Position				
	June 30, 2019	June 30, 2020	Change	Percentage Change
Assets				
Current assets	\$ 68,251,510	\$ 74,831,009	\$ 6,579,499	9.6%
Capital assets	266,692,937	267,405,672	712,735	0.3%
Total assets	<u>334,944,447</u>	<u>342,236,681</u>	<u>7,292,234</u>	<u>2.2%</u>
Deferred Outflows of Resources	<u>30,866,378</u>	<u>46,543,043</u>	<u>15,676,665</u>	<u>50.8%</u>
Liabilities				
Current liabilities	10,502,617	11,696,684	1,194,067	11.4%
Long-term liabilities	301,371,449	293,344,583	(8,026,866)	-2.7%
Total liabilities	<u>311,874,066</u>	<u>305,041,267</u>	<u>(6,832,799)</u>	<u>-2.2%</u>
Deferred Inflows of Resources	<u>3,590,458</u>	<u>20,722,138</u>	<u>17,131,680</u>	<u>477.1%</u>
Net Position				
Invested in capital assets, net of related debt	117,086,538	170,112,500	53,025,962	45.3%
Restricted	21,363,143	37,741,648	16,378,505	0.0%
Unrestricted	(88,103,380)	(144,837,829)	(56,734,449)	-64.4%
Total net position	<u>\$ 50,346,301</u>	<u>\$ 63,016,319</u>	<u>\$ 12,670,018</u>	<u>-25.2%</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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

Condensed Statement of Activities for the Fiscal Years Ended June 30

	2019	2020	Change	Percentage Change
Revenues				
Charges for services	\$ 977,678	\$ 4,415,931	\$ 3,438,253	351.7%
Operating grants and contributions	26,796,391	22,096,185	(4,700,206)	-17.5%
Capital Grants and Contributions	1,500,000	1,500,000	-	0.0%
Federal and state aid not restricted for specific purposes	59,228,340	59,922,695	694,355	1.2%
Taxes and subventions	27,058,770	30,242,443		
Interest and investment earnings	1,053,588	990,774	(62,814)	-6.0%
Miscellaneous	2,019,166	974,351	(1,044,815)	-51.7%
Total revenues	<u>118,633,933</u>	<u>120,142,379</u>	<u>(1,675,227)</u>	<u>-1.4%</u>
Expenses				
Instruction	63,458,086	55,368,532	(8,089,554)	-12.7%
Instruction-related services	10,847,282	8,770,070	(2,077,212)	-19.1%
Pupil services	14,426,897	13,073,891	(1,353,006)	-9.4%
General administration	8,288,051	8,597,595	309,544	3.7%
Plant services	18,319,753	16,202,890	(2,116,863)	-11.6%
Ancillary services	558,955	505,081	(53,874)	-9.6%
Interest on long-term debt	7,187,050	4,086,034	(3,101,016)	-43.1%
Other outgo	665,875	868,268	202,393	30.4%
Total expenses	<u>123,751,949</u>	<u>107,472,361</u>	<u>(16,279,588)</u>	<u>-13.2%</u>
Change in net position	<u>\$ (5,118,016)</u>	<u>\$ 12,670,018</u>	<u>17,788,034</u>	<u>347.6%</u>

Governmental Activities

As reported in the Statement of Activities, the cost of all our governmental activities this year was \$107.5 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$30.2 million because the cost was paid by those who benefited from the programs (\$4.4 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$22.1 million). We paid for the remaining "public benefit" portion of our governmental activities with \$61.9 million in State funds and with other revenues, like interest and general entitlements.

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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 \$14.6 million to \$21.9 million, or by \$7.3 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 \$14.2 million for Elkhorn Fire Alarm Upgrade, Fallbrook Homecoming, HVAC upgrades, and the 2017 COP Payment.

Table 3

Governmental Activities Expenditures

	2019		2020	
	Total	Net	Total	Net
Instruction	63,458,086	46,634,274	55,368,532	42,676,322
Instruction-related services	10,847,282	9,181,628	8,770,070	7,415,894
Pupil services	14,426,897	7,647,797	13,073,891	6,191,367
General administration	8,288,051	7,077,237	8,597,595	7,549,229
Plant services	18,319,753	17,971,899	16,202,890	16,093,052
Ancillary services	558,955	528,411	505,081	484,320
Interest on long-term debt	7,187,050	7,187,050	4,086,034	4,086,034
Other outgo	665,875	(1,750,416)	868,268	(5,035,973)
Total expenses	<u>123,751,949</u>	<u>94,477,880</u>	<u>107,472,361</u>	<u>79,460,245</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2019-20 budget ran as a \$7.3M surplus when it was expecting a \$2M surplus on the original budget. The District remains with the designated 6% reserve. The District is experiencing a decline in enrollment, however, COLA was 3.26% which resulted in a slight increase in the base funding.

LCFF was fully funded in 2018-19. The COLA is projected flat for out years. Salary Compensation has been settled through 2020-2021

Federal Funds

Federal funding for fiscal 2019-20 increased by \$96 thousand compared to 2018-19. 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.

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Cash Flow

The concern over cash flow shortages compared to prior years has been eliminated for the time being. Cash Deferrals are seen for 2020-21. For the year ending June 30, 2020, the District had a strong ending cash position. This is seen in the ratio of receivable to total assets, which is 42.79%

Capital Assets

At June 30, 2020, the District had \$267.4 million in a broad range of capital assets net of accumulated depreciation, including land, buildings, vehicles, and furniture and equipment.

Table 4

Comparative Schedule of Capital Assets			
	Governmental Activities		
	2019	2020	
Land	\$ 29,155,759	\$ 29,155,759	
Work in Pogress	10,460,257	15,976,513	
Buildings	246,322,582	249,197,786	
Site Improvements	47,074,012	47,668,567	
Equipment and Vehicles	16,768,585	15,981,518	
Subtotals	349,781,195	357,980,143	
Less: Accumulated Depreciation	(83,088,258)	(90,574,471)	
Capital Assets, net	<u>\$ 266,692,937</u>	<u>\$ 267,405,672</u>	

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

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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. The remaining \$24.9 million was issued with Series 2017 Bonds. Measure V projects will include the Bryte CTE campus, Bridgeway Island classrooms, districtwide re-roofing projects, updating of fire alarm systems, Fallbrook Homecoming and ADA access issue. Table 5 shows the long-term liabilities of the District. We present more detailed information regarding our long-term liabilities in the Notes to the basic financial statements.

Table 5

	Governmental Activities		Change	Percent Change
	June 30, 2019	June 30, 2020		
General Obligation Bonds	\$ 110,579,887	\$ 109,078,983	\$ (1,500,904)	-1.4%
Certificates of Participation	64,535,000	62,245,000	(2,290,000)	-3.5%
Qualified School Construction Bonds	8,885,432	8,885,432	-	0.0%
Clean Renewable Energy Bonds	5,275,765	4,843,979	(431,786)	-8.2%
Net Pension Liability	92,424,000	92,654,338	230,338	0.2%
Net OPEB Liability	11,921,661	15,503,655	3,581,994	30.0%
Compensated Absences	159,954	133,196	(26,758)	-16.7%
Subtotal	<u>293,781,699</u>	<u>293,344,583</u>	<u>3,785,574</u>	<u>1.3%</u>

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, 2019-20 saw an increase in State Aid funding of \$1 million.

In the May Revision of the Governor’s budget, funding for education continues to be a priority. The Prop 98 minimum guarantee for 2020-21 is projected to be \$84 billion. The May revision reflects much lower revenues for 2020-21 than the January budget.

The May Revision suspends the 2.31% COLA and includes an additional reduction for a total of 10% cut to the Local Control Funding Formula (LCFF). In addition to the base, supplemental, and concentration grants, Home to School Transportation would also receive a reduction.

The May Revision proposed an increase to Special Education base rate to \$645 per ADA based on three-year rolling average ADA. CalPERS provided some fiscal relief and decreased the Employer Contribution rate for the next few years. CalSTRS also provided some fiscal relief for the 2020-21 fiscal year.

WASHINGTON UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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.

California is slated to receive billions of dollars from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but the funding only puts a small dent in the state's \$54 billion budget deficit. The Governor's May Revision proposes cash deferrals for both 2019-20 and 2020-21. It is suggested that LEA's implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times. Overall, the District's fiscal position remains stable.

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, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 59,345,688
Receivables	15,297,995
Prepaid expenses	3,200
Stores inventory	184,126
Capital Assets:	
Capital assets, net of accumulated depreciation	<u>267,405,672</u>
Total Assets	<u>342,236,681</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on refunding COPs	2,711,579
Deferred outflows on refunding Bonds	865,667
Deferred outflows on OPEB (note 8)	269,893
Deferred outflows on pensions (note 7)	<u>42,695,904</u>
Total deferred outflows	<u>46,543,043</u>
LIABILITIES	
Accounts payable and other current liabilities	10,814,186
Unearned revenue	882,498
Long-term liabilities:	
Due within one year	10,230,627
Due in more than one year	<u>283,113,956</u>
Total Liabilities	<u>305,041,267</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred COP premium revenue	4,531,647
Deferred bond premium revenue	2,153,468
Deferred inflows on pensions (note 7)	<u>14,037,023</u>
Total deferred inflows	<u>20,722,138</u>
NET POSITION	
Net investment in capital assets	170,239,069
Restricted	37,741,648
Unrestricted	<u>(144,964,398)</u>
Total Net Position	<u>\$ 63,016,319</u>

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Program Revenues</u>			<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
					<u>Governmental</u> <u>Activities</u>
Governmental Activities					
Instruction	\$ 55,368,532	\$ 30,879	\$ 11,161,331	\$ 1,500,000	\$ (42,676,322)
Instruction - related services:					
Supervision of instruction	2,996,918	-	695,515	-	(2,301,403)
Instructional library, media and technology	558,706	631	27,856	-	(530,219)
School site administration	5,214,446	2,700	627,474	-	(4,584,272)
Pupil Services:					
Home-to-school transportation	2,888,098	-	17,244	-	(2,870,854)
Food services	5,318,197	848,158	4,420,571	-	(49,468)
All other pupil services	4,867,596	11,391	1,585,160	-	(3,271,045)
General administration:					
Centralized data processing	3,496,959	-	16,081	-	(3,480,878)
All other general administration	5,100,636	42,830	989,455	-	(4,068,351)
Plant services	16,202,890	44	109,794	-	(16,093,052)
Ancillary services	505,081	-	20,761	-	(484,320)
Interest on long-term debt	4,086,034	-	-	-	(4,086,034)
Other outgo	868,268	3,479,298	2,424,943	-	5,035,973
Total governmental activities	<u>\$ 107,472,361</u>	<u>\$ 4,415,931</u>	<u>\$ 22,096,185</u>	<u>\$ 1,500,000</u>	<u>(79,460,245)</u>
General Revenues					
Taxes and subventions:					
					19,995,987
					6,631,497
					3,614,959
					59,922,695
					990,774
					974,351
					<u>92,130,263</u>
					12,670,018
					<u>50,346,301</u>
					<u>\$ 63,016,319</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	All Non-Major Funds	Total
ASSETS						
Cash	\$ 17,496,930	\$ 16,762,986	\$ 9,279,862	\$ 10,065,040	\$ 5,740,870	\$ 59,345,688
Accounts receivable	13,888,930	-	-	-	1,409,065	15,297,995
Prepaid Expenses	3,200	-	-	-	-	3,200
Due from other funds	1,048,708	32	392	-	1,053,529	2,102,661
Stores Inventory	18,819	-	-	-	165,307	184,126
Total Assets	\$ 32,456,587	\$ 16,763,018	\$ 9,280,254	\$ 10,065,040	\$ 8,368,771	\$ 76,933,670
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 9,391,901	\$ 40,630	\$ 2,327	\$ -	\$ 211,141	\$ 9,645,999
Due to other funds	307,830	-	746,090	-	1,048,741	2,102,661
Unearned revenue	842,794	-	-	-	39,704	882,498
Total Liabilities	10,542,525	40,630	748,417	-	1,299,586	12,631,158
Fund balances						
Nonspendable	47,019	-	-	-	165,307	212,326
Restricted	1,666,303	16,722,388	2,551,168	10,065,040	6,736,749	37,741,648
Assigned	-	-	5,980,669	-	167,129	6,147,798
Unassigned	20,200,740	-	-	-	-	20,200,740
Total Fund Balances	21,914,062	16,722,388	8,531,837	10,065,040	7,069,185	64,302,512
Total liabilities and fund balances	\$ 32,456,587	\$ 16,763,018	\$ 9,280,254	\$ 10,065,040	\$ 8,368,771	\$ 76,933,670

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

Total fund balances - governmental funds		\$ 64,302,512
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	\$ 357,980,143	
Accumulated depreciation	<u>(90,574,471)</u>	
Net		267,405,672
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.		
Deferred outflows of resources relating to pensions		42,695,904
Deferred inflows of resources relating to pensions		(14,037,023)
Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums consist of:		
Deferred loss on refunding COPs		2,711,579
Deferred loss on refunding Bonds		865,667
Deferred premium revenue on COPs		(4,531,647)
Deferred premium revenue on Bonds		(2,153,468)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are		
Deferred outflows of resources relating to OPEB		269,893
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:		
		(1,168,187)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Current interest bonds payable	\$ 84,843,895	
Capital appreciation bonds payable	24,235,088	
Net pension liability	92,654,338	
Net OPEB liability	15,503,655	
Certificates of Participation (COPs)	62,245,000	
Qualified School Construction Bonds (QCSB)	8,885,432	
Clean Renewable Energy Bonds (CREB)	4,843,979	
Compensated absences payable	<u>133,196</u>	
		<u>(293,344,583)</u>
Total net position, governmental activities:		<u>\$ 63,016,319</u>

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>Bond Interest & Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
REVENUES						
LCFF sources	\$ 76,671,978	\$ -	\$ -	\$ -	\$ 1,090,376	\$ 77,762,354
Federal revenue	4,460,874	-	-	-	3,962,977	8,423,851
Other state revenues	9,104,454	-	1,326	38,859	3,638,077	12,782,716
Other local revenues	4,110,809	465,431	8,376,882	6,731,500	1,511,444	21,196,066
Total revenues	<u>94,348,115</u>	<u>465,431</u>	<u>8,378,208</u>	<u>6,770,359</u>	<u>10,202,874</u>	<u>120,164,987</u>
EXPENDITURES						
Certificated salaries	36,670,318	-	-	-	917,868	37,588,186
Classified salaries	13,985,141	-	55,857	-	1,878,120	15,919,118
Employee benefits	22,525,332	-	26,202	-	1,334,224	23,885,758
Books and supplies	2,663,513	-	1,403	-	2,250,170	4,915,086
Services and other operating expenditures	9,919,908	439,015	126,843	-	333,547	10,819,313
Capital outlay	776,263	6,419,293	185,169	-	2,257,716	9,638,441
Other outgo	498,503	-	-	-	1,196,265	1,694,768
Debt service expenditures	-	-	4,773,093	6,857,640	-	11,630,733
Total expenditures	<u>87,038,978</u>	<u>6,858,308</u>	<u>5,168,567</u>	<u>6,857,640</u>	<u>10,167,910</u>	<u>116,091,403</u>
Excess(deficiency) of revenues over expenditures	<u>7,309,137</u>	<u>(6,392,877)</u>	<u>3,209,641</u>	<u>(87,281)</u>	<u>34,964</u>	<u>4,073,584</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	190,464	-	-	-	937,899	1,128,363
Operating transfers out	(191,808)	-	(746,091)	-	(190,464)	(1,128,363)
All Other Financing Sources	-	-	-	5,325,429	-	5,325,429
All Other Financing Uses	-	-	-	(5,325,429)	-	(5,325,429)
Total other financing sources (uses)	<u>(1,344)</u>	<u>-</u>	<u>(746,091)</u>	<u>-</u>	<u>747,435</u>	<u>-</u>
Net change in fund balances	7,307,793	(6,392,877)	2,463,550	(87,281)	782,399	4,073,584
Fund balances, July 1, 2019	<u>14,606,269</u>	<u>23,115,265</u>	<u>6,068,287</u>	<u>10,152,321</u>	<u>6,286,786</u>	<u>60,228,928</u>
Fund balances, June 30, 2020	<u>\$ 21,914,062</u>	<u>\$ 16,722,388</u>	<u>\$ 8,531,837</u>	<u>\$ 10,065,040</u>	<u>\$ 7,069,185</u>	<u>\$ 64,302,512</u>

See accompanying notes to the basic financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

JUNE 30, 2020

Total net change in fund balances - governmental funds \$ 4,073,584

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

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

Expenditures for capital outlay:	\$ 8,198,948	
Depreciation expense:	<u>(7,486,213)</u>	712,735

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 12,171,786

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were: (4,670,000)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 1,311,849

Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The net amount of accreted interest recognized in the current year was: (3,279,096)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is: 2,437,953

Pensions: 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: 3,365,664

In governmental funds, other postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer contributions was: (3,481,215)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 26,758

Total change in net position - governmental activities \$ 12,670,018

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2020

	<u>Trust Fund</u>	<u>Agency Funds</u>	
	<u>Foundation</u>	<u>Student Body</u>	<u>Total</u>
ASSETS			
Cash and Equivalents	\$ 43,469	\$ 236,999	\$ 280,468
Total assets	<u>\$ 43,469</u>	<u>\$ 236,999</u>	<u>\$ 280,468</u>
LIABILITIES			
Liabilities			
Due to Student Groups	\$ -	\$ 236,999	\$ 236,999
Total Liabilities	<u>-</u>	<u>236,999</u>	<u>236,999</u>
NET POSITION			
Restricted	<u>\$ 43,469</u>	<u>\$ -</u>	<u>\$ 43,469</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
TRUST FUNDS
JUNE 30, 2020

	Private-Purpose Trust Fund
	Foundation
REVENUES	
Other local revenue	\$ 2,314
Total revenues	2,314
EXPENSES	
Scholarships Awarded	1,000
Total expenditures	1,000
Change in Net Position	1,314
Net Position, July 1, 2019	\$ 42,155
Net Position, June 30, 2020	\$ 43,469

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and the American Institute of Certified Public Accountants. For state entitlement programs, the District has elected to match the revenues in the period that program expenditures are made to be consistent with the accounting for grants and other revenues.

B. 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.

C. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

C. BASIS OF PRESENTATION (CONTINUED)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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 function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, 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. The District funds and account groups are as follows:

Governmental Funds

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The District maintains four special revenue funds:

1. *Charter Fund* is used to account separately for the operating activities of District-operated charter schools that would otherwise be reported in the authorized District's general fund.
2. *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
3. *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development program.
4. *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeterias.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

E. FUND ACCOUNTING (CONTINUED)

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four capital projects funds:

1. *Building Fund* is used primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.
2. *Capital Facilities Fund* is used to account for community redevelopment agency revenues and capital outlay expenditures.
3. *County School Facilities Fund* is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).
4. *Special Reserve Fund for Capital Outlay Projects* exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District maintains one debt service fund:

1. *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.
2. *Debt Service Fund* is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Private Purpose Trust Funds are used to account for assets held by the District as trustee. The District maintains a Foundation Fund to provide scholarships to students of the District. Student body funds are used to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body. These funds' activities are reported in a separate statement of fiduciary net position. These funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the District presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

F. BUDGETS AND BUDGETARY ACCOUNTING

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

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budget for the General Fund is presented as required supplementary information.

G. ACCOUNTS RECEIVABLE

Accounts receivable 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, 2020.

H. INVENTORY

Inventory in the General and Cafeteria funds consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

I. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over 5-50 years depending on asset types.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

J. COMPENSATED ABSENCES

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. ACCUMULATED SICK LEAVE

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure 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 when the employee retires.

L. LONG-TERM OBLIGATIONS

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period.

M. RESTRICTED NET POSITION

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

N. UNEARNED REVENUE

Cash received for federal and state special projects and programs is recognized as revenue to the extent that the qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

O. PROPERTY TAX

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Yolo bills and collects the taxes for the District.

Tax revenues are recognized by the District when received.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

N. PROPERTY TAX (CONTINUED)

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

O. FUND BALANCE RESERVES AND DESIGNATIONS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for *specific purposes*.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

P. 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.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

Q. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements 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.

S. DEFERRED INFLOWS AND OUTFLOWS 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.

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.

T. PENSIONS

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

U. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 consist of the following:

	Governmental Activities	Fiduciary Activities	Total
Cash in County Treasury	\$ 59,299,010	\$ 1,184	\$ 59,300,194
Cash on hand and in banks	16,828	236,999	253,827
Cash in revolving fund	25,000	-	25,000
Cash with fiscal agent	4,850	42,285	47,135
	\$ 59,345,688	\$ 280,468	\$ 59,626,156

A. Cash in County Treasury

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

Cash in County Treasury consists of District cash held by the Yolo County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 416 days. The pool is rated AAA by Standard and Poor's.

B. Cash in Revolving Funds and in Banks

Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

C. Local Agency Investment Fund (LAIF)

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 this 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 investment 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 a 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. This fund bore an average annual yield of approximately 1.08% for the fiscal year ended June 30, 2020. LAIF is currently unrated and has an average life of 191 days. 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.

D. 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 Yolo 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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

3. INTERFUND TRANSACTIONS

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 fund interfund receivable and payable balances at June 30, 2020 were as follows:

Major Funds:	Interfund Payables	Interfund Receivables
General Fund	\$ 307,830	\$ 1,048,708
Building Fund	-	32
Capital Facilities Fund	746,090	392
<u>Non-Major Funds:</u>		
Charter Fund	196,303	10,493
Adult Education	4,951	-
Child Development Fund	162,535	86,311
Cafeteria Fund	548,923	210,634
School Facilities Fund	32	-
Special Reserve Fund	135,997	-
Debt Service Fund	-	746,091
	\$ 2,102,661	\$ 2,102,661

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2020 are as follows:

Transfer from Capital Facilities Fund to Debt Service Fund to pay for the Clean Renewable Energy Bonds and Qualified School Construction Bonds	\$ 746,091
Transfer from Charter Fund to General Fund to return prior year contributions.	190,464
Transfer from General Fund to Cafeteria Fund for Direct Support/Indirect Costs.	107,308
Transfer from General Fund to Child Development Fund to to cover childcare costs for the 2019/20 school year.	84,500
Total Transfers	\$ 1,128,363

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions and Transfers	Deductions and Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 29,155,759	\$ -	\$ -	\$ 29,155,759
Work in progress	10,460,257	8,741,756	3,225,500	15,976,513
	<u>39,616,016</u>	<u>8,741,756</u>	<u>3,225,500</u>	<u>45,132,272</u>
Depreciable assets:				
Buildings	246,322,582	2,875,204	-	249,197,786
Site Improvements	47,074,012	594,555	-	47,668,567
Equipment	16,768,585	809,709	1,596,776	15,981,518
	<u>310,165,179</u>	<u>4,279,468</u>	<u>1,596,776</u>	<u>312,847,871</u>
Totals, at cost	<u>349,781,195</u>	<u>13,021,224</u>	<u>4,822,276</u>	<u>357,980,143</u>
Accumulated depreciation:				
Buildings and improvements	(61,405,378)	(5,531,231)	-	(66,936,609)
Site Improvements	(11,000,293)	(1,325,354)	-	(12,325,647)
Furniture and equipment	(10,682,587)	(629,628)	-	(11,312,215)
	<u>(83,088,258)</u>	<u>(7,486,213)</u>	<u>-</u>	<u>(90,574,471)</u>
Depreciable assets, net	<u>227,076,921</u>	<u>(3,206,745)</u>	<u>1,596,776</u>	<u>222,273,400</u>
Capital assets, net	<u>\$ 266,692,937</u>	<u>\$ 5,535,011</u>	<u>\$ 4,822,276</u>	<u>\$ 267,405,672</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 35,273
Home-to-School Transportation	209,106
Food Services	12,890
Other Pupil Services	2,938
Data Processing Services	578,452
Other General Administration	2,376
Plant Services	6,645,178
Total depreciation expense	<u>\$ 7,486,213</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES

General Obligation Bonds

The District's outstanding general obligation bonded debt as of June 30, 2020 are as follows:

Current Interest Bonds:

Description	Date Of Issue	Interest Rates	Maturity Date	Amount of Original Issue	Outstanding July 1, 2019	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2020
2004, Series A	August 2004	5.00% - 5.25%	8/1/2029	\$ 39,999,040	\$ 10,554,040	\$ -	\$ -	\$ 10,554,040
2004, Series B	November 2006	4.00% 5.40%	8/1/2031	12,000,433	6,905,433	-	-	6,905,433
1999, Series B	February 2007	4.00% 7.51%	8/1/2031	7,469,422	3,279,422	-	-	3,279,422
2010 Refunding	November 2010	2.00% 4.00%	8/1/2025	9,510,000	5,730,000	-	5,730,000	-
2012 Refunding	October 2012	2.00% 4.00%	8/1/2022	21,150,000	11,560,000	-	2,455,000	9,105,000
2014, Series 2015	July 2015	3.15% 5.00%	8/1/2040	24,900,000	22,620,000	-	-	22,620,000
2015 Refunding	July 2015	3.00% - 5.00%	8/1/2024	5,945,000	4,490,000	-	835,000	3,655,000
2014, Series 2017	June 2017	3.00% - 5.00%	8/1/2042	24,900,000	24,485,000	-	430,000	24,055,000
2019 Refunding	July 2019	2.00% - 4.00%	8/1/2025	4,670,000	-	4,670,000	-	4,670,000
Totals				\$ 150,543,895	\$ 89,623,895	\$ 4,670,000	\$ 9,450,000	\$ 84,843,895
Premium on Bonds								<u>2,153,468</u>
								<u>\$ 86,997,363</u>

Capital Appreciation Bonds:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2019	Interest Current Year	Redeemed Current Year	Outstanding June 30, 2020
2004	5.4% - 5.730%	2029	\$ 10,554,040	\$ 12,548,787	\$ 2,362,730	\$ -	\$ 14,911,517
2006	4.51% - 5.4%	2031	6,905,433	5,723,538	617,503	-	6,341,041
2007	4.56% - 7.511%	2031	3,279,422	2,683,667	298,863	-	2,982,530
Totals			\$ 20,738,895	\$ 20,955,992	\$ 3,279,096	\$ -	\$ 24,235,088

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	1,362,731	1,362,731
2024	1,554,539	2,862,999	4,417,538
2025	1,534,463	3,146,972	4,681,435
2026-2030	7,465,038	18,003,258	25,468,296
Totals	\$ 10,554,040	\$ 25,375,960	\$ 35,930,000

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	384,625	390,375	775,000
2024	387,311	432,689	820,000
2025	393,776	481,224	875,000
2026-2030	2,014,893	3,190,107	5,205,000
2031-2035	3,724,828	8,690,172	12,415,000
Totals	<u>\$ 6,905,433</u>	<u>\$ 13,184,567</u>	<u>\$ 20,090,000</u>

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	204,254	204,254
2026-2030	2,451,270	4,135,780	6,587,050
2031-2035	828,152	1,940,544	2,768,696
Totals	<u>\$ 3,279,422</u>	<u>\$ 6,280,578</u>	<u>\$ 9,560,000</u>

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. The 2010 General Obligation Refunding Bonds were refunded in 2019 by the 2019 Refunding bonds.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ 2,735,000	\$ 309,500	\$ 3,044,500
2022	3,025,000	194,300	3,219,300
2023	3,345,000	66,900	3,411,900
Totals	<u>\$ 9,105,000</u>	<u>\$ 570,700</u>	<u>\$ 9,675,700</u>

In July 2015, the District issued 2015 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.

Year Ended June 30	Principal	Interest	Total
2021	\$ 245,000	\$ 855,500	\$ 1,100,500
2022	295,000	844,700	1,139,700
2023	445,000	929,900	1,374,900
2024	510,000	810,800	1,320,800
2025	580,000	789,000	1,369,000
2026-2030	3,920,000	3,537,775	7,457,775
2031-2035	5,875,000	2,720,225	8,595,225
2036-2040	8,620,000	1,339,600	9,959,600
2041	2,130,000	42,600	2,172,600
Totals	<u>\$ 22,620,000</u>	<u>\$ 11,870,100</u>	<u>\$ 34,490,100</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

In July 2015, the District issued 2015 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.

Year Ended June 30	Principal	Interest	Total
2021	\$ 950,000	\$ 159,000	\$ 1,109,000
2022	1,080,000	108,250	1,188,250
2023	470,000	69,500	539,500
2024	540,000	44,250	584,250
2025	615,000	15,375	630,375
Totals	<u>\$ 3,655,000</u>	<u>\$ 396,375</u>	<u>\$ 4,051,375</u>

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ 280,000	\$ 851,375	\$ 1,131,375
2022	330,000	836,125	1,166,125
2023	310,000	820,125	1,130,125
2024	355,000	803,500	1,158,500
2025	405,000	784,500	1,189,500
2026-2030	3,005,000	3,531,250	6,536,250
2031-2035	4,585,000	2,793,850	7,378,850
2036-2040	6,200,000	1,963,647	8,163,647
2041-2043	8,585,000	507,272	9,092,272
Totals	<u>\$ 24,055,000</u>	<u>\$ 12,891,644</u>	<u>\$ 36,946,644</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

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.

Year Ended June 30	Principal	Interest	Total
2021	\$ 615,000	\$ 218,125	\$ 833,125
2022	685,000	185,625	870,625
2023	745,000	149,875	894,875
2024	805,000	111,125	916,125
2025	875,000	69,125	944,125
2026	945,000	23,625	968,625
Totals	<u>\$ 4,670,000</u>	<u>\$ 757,500</u>	<u>\$ 5,427,500</u>

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

Year Ended June 30	Principal	Interest	Total
2021	\$ 4,825,000	\$ 2,393,500	\$ 7,218,500
2022	5,415,000	2,169,000	7,584,000
2023	5,699,625	3,689,406	9,389,031
2024	4,151,849	5,065,364	9,217,213
2025	4,403,239	5,286,196	9,689,435
2026-2030	19,801,202	28,286,015	48,087,217
2031-2035	15,012,980	14,204,247	29,217,227
2036-2040	14,820,000	3,303,247	18,123,247
2041-2043	10,715,000	549,872	11,264,872
Totals	<u>\$ 84,843,895</u>	<u>\$ 64,946,847</u>	<u>\$ 149,790,742</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

The outstanding certificates of participation debt is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2020</u>
2014 COP	December 2014	2.00% - 3.75%	8/1/2039	\$ 6,055,000	\$ 5,800,000	\$ -	\$ 100,000	\$ 5,700,000
2017 Refunding COP	June 2017	3.00% - 5.00%	8/1/2036	63,805,000	58,735,000	-	2,190,000	56,545,000
				<u>\$ 69,860,000</u>	<u>\$ 64,535,000</u>	<u>\$ -</u>	<u>\$ 2,290,000</u>	<u>\$ 62,245,000</u>
							Premium on COP	4,531,648
								<u>\$ 66,776,648</u>

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 2014 COPs as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	175,000	183,681	358,681
2026-2030	1,220,000	807,106	2,027,106
2031-2035	1,730,000	545,516	2,275,516
2036-2040	2,025,000	210,658	2,235,658
Totals	<u>\$ 5,700,000</u>	<u>\$ 2,527,435</u>	<u>\$ 8,227,435</u>

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 2017 COPs as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,800,000	1,657,644	4,457,644
2026-2030	16,135,000	6,138,819	22,273,819
2031-2035	19,325,000	2,827,909	22,152,909
2036-2037	8,340,000	259,062	8,599,062
Totals	<u>\$ 56,545,000</u>	<u>\$ 18,819,135</u>	<u>\$75,364,135</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation

The annual requirements to amortize the combined COPs as of June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,420,000	\$ 2,368,350	\$ 4,788,350
2022	2,555,000	2,246,425	4,801,425
2023	2,685,000	2,118,175	4,803,175
2024	2,835,000	1,983,225	4,818,225
2025	2,975,000	1,841,325	4,816,325
2026-2030	17,355,000	6,945,925	24,300,925
2031-2035	21,055,000	3,373,425	24,428,425
2036-2040	10,365,000	469,720	10,834,720
Totals	<u>\$ 62,245,000</u>	<u>\$ 21,346,570</u>	<u>\$83,591,570</u>

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, 2020, \$5,553,395 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, 2020 are as follows:

June 30,	Principal	Interest	Total
2021	\$ -	\$ 126,173	\$ 126,173
2022	-	126,173	126,173
2023	-	126,173	126,173
2024	-	126,173	126,173
2025	-	126,173	126,173
2026-2030	8,885,432	94,630	8,980,062
Total	<u>\$ 8,885,432</u>	<u>\$ 725,495</u>	<u>\$ 9,610,927</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

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, 2020 are as follows:

June 30,	Principal	Interest	Total
2021	\$ 440,768	\$ 246,559	\$ 687,327
2022	449,936	224,123	674,059
2023	459,295	201,222	660,517
2024	468,848	177,844	646,692
2025	478,600	153,979	632,579
2026-2030	2,546,532	394,190	2,940,722
Total	<u>\$ 4,843,979</u>	<u>\$ 1,397,917</u>	<u>\$ 6,241,896</u>

Summary of Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2020, is shown below.

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Balance Due</u> <u>In One Year</u>
General Obligation Bonds					
Current Interest	\$ 89,623,895	\$ 4,670,000	\$ 9,450,000	\$ 84,843,895	\$ 4,825,000
Capital Appreciation	20,955,992	3,279,096	-	24,235,088	2,411,663
Certificates of Participation	64,535,000	-	2,290,000	62,245,000	2,420,000
Qualified School Construction Bonds	8,885,432	-	-	8,885,432	-
Clean Renewable Energy Bonds	5,275,765	-	431,786	4,843,979	440,768
Net pension liability (Note 6)	92,424,000	230,338	-	92,654,338	-
Net OPEB liability (Note 7)	11,921,661	3,581,994	-	15,503,655	-
Compensated Absences	159,954	-	26,758	133,196	133,196
Subtotal	<u>293,781,699</u>	<u>11,761,428</u>	<u>12,198,544</u>	<u>293,344,583</u>	<u>10,230,627</u>
Unamortized general obligation bond premium	2,774,923	655,429	1,276,884	2,153,468	-
Unamortized certificates of participation premium	4,814,827	-	283,179	4,531,648	-
Unamortized Loss on Refunding COPs	(2,043,927)	(837,126)	(169,474)	(2,711,579)	-
Unamortized Loss on Refunding Bonds	-	(1,060,000)	(194,333)	(865,667)	-
Total Deferred Inflows/(Outflows) related to debt issuances	5,545,823	(1,241,697)	1,196,256	3,107,870	-
Total Long-term Liabilities	<u>\$ 299,327,522</u>	<u>\$ 10,519,731</u>	<u>\$ 13,394,800</u>	<u>\$ 296,452,453</u>	<u>\$ 10,230,627</u>

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.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description

California Public Employees' Retirement System (CalPERS)

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

State Teachers' Retirement System (STRS)

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS		CalSTRS	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	7%	10.25%	10.205%
Required employer contribution rates	19.721%	19.721%	17.10%	17.10%

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

STRS

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.

For the year ended June 30, 2020, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 2,819,797	\$ 6,068,254	\$ 8,888,051
On behalf contributions - state	-	4,736,918	4,736,918
Total	<u>\$ 2,819,797</u>	<u>\$ 10,805,172</u>	<u>\$ 13,624,969</u>

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

As of June 30, 2020, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 30,409,322
STRS	62,245,016
Total Net Pension Liability	<u>\$ 92,654,338</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

Measurement Dates	Fiscal Year	CalPERS	STRS
June 30, 2018	2018-19	0.10958%	0.06877%
June 30, 2019	2019-20	<u>0.10434%</u>	<u>0.06892%</u>
Change - Increase (Decrease)		<u><u>-0.00524%</u></u>	<u><u>0.00015%</u></u>

For the year ended June 30, 2020, the District recognized pension expense of \$3,365,664. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,819,797	\$ -	\$ 10,805,172	\$ -	\$ 13,624,969	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2018-19	-	445,966	-	1,852,323	-	2,298,289
Changes of Assumptions	3,470,696	73,964	20,416,830	-	23,887,526	73,964
Differences between Expected and Actual Experience	2,852,907	-	407,533	3,542,226	3,260,440	3,542,226
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,025,885	583,430	-	4,336,553	1,025,885	4,919,983
Net differences between projected and actual investment earnings on pension plan investments	897,084	-	-	3,202,561	897,084	3,202,561
Total	<u>\$ 11,066,369</u>	<u>\$ 1,103,360</u>	<u>\$ 31,629,535</u>	<u>\$ 12,933,663</u>	<u>\$ 42,695,904</u>	<u>\$ 14,037,023</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2021	\$ 3,708,008	\$ 230,762	\$ 3,938,770
2022	2,211,247	692,436	2,903,683
2023	1,163,201	1,465,515	2,628,716
2024	60,758	2,652,881	2,713,639
2025	-	1,975,670	1,975,670
Thereafter	-	873,434	873,434
Total	\$ 7,143,214	\$ 7,890,698	\$ 15,033,912

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP2016) table issued by the Society of Actuaries.

Discount Rate

CalPERS

The discount rate used to measure the total pension liability for Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

CalPERS			
Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

^(a) An expected inflation of 2.00% used for this period

^(b) An expected inflation of 2.92% used for this period

Discount Rate

STRS

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

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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return ^(a)
Global Equity	47.0%	4.80%
Fixed Income	12.0%	1.30%
Real Estate	13.0%	3.60%
Private Equity	13.0%	6.30%
Risk Mitigating Strategies	9.0%	1.80%
Inflation Sensitive	4.0%	3.30%
Cash/Liquidity	2.0%	-0.40%
Total	100%	

^(a) 20-year average

Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 43,833,038	\$ 30,409,322	\$ 19,273,422

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	\$ 92,687,981	\$ 62,245,016	\$ 37,002,000

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS comprehensive annual financial reports.

Payable to the Pension Plan

As of June 30, 2020, the District had no outstanding required contributions to the pension plans.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. The plan is 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 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.

The Plan has no assets, does not issue financial statements, and is not a trust.

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

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>731</u>
	<u><u>778</u></u>

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 \$455,565 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	15 years
Asset valuation method	There are no plan assets
Inflation	2.75% per year
Healthcare cost trend rates	4.00% per year
Payroll increase	2.75% per year
Investment rate of return	3.50% per year net of expenses based on the Bond Buyer 20 Bond Index
Mortality	
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees 2014 CalPERS Retiree Mortality for Miscellaneous Employees
Retirement	
Certificated	2009 CalSTRS Retirement Rates
Classified	
Hired before 2013	2009 CalPERS Retirement Rates for School Employees
Hired after 2012	2009 CalPERS 2% @ 60 Retirement Rates for Misc. Employees

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 11,921,661	\$ -	\$ 11,921,661
Changes for the year:			
Service cost	1,321,721	-	1,321,721
Interest	468,611	-	468,611
Experience (gains)/losses	2,006,795	-	2,006,795
Contributions - employer	-	407,752	(407,752)
Changes in assumptions	286,154	-	286,154
Actual benefit payments from employer	(407,752)	(407,752)	-
Expected minus actual benefit payments	(93,535)	-	(93,535)
Administrative expense	-	-	-
Net changes	3,581,994	-	3,581,994
Balances at June 30, 2020	<u>\$ 15,503,655</u>	<u>\$ -</u>	<u>\$ 15,503,655</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<u>Discount Rate 1% Lower</u>	<u>Valuation Discount Rate</u>	<u>Discount Rate 1% Higher</u>
Net OPEB liability (asset)	\$ 16,498,266	\$ 15,503,655	\$ 14,568,246

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>Trend 1% Lower</u>	<u>Valuation Trend</u>	<u>Trend 1% Higher</u>
Net OPEB liability (asset)	\$ 14,855,229	\$ 15,503,655	\$ 15,974,397

OPEB plan fiduciary net position. The plan has no assets.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$3,481,215. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,785,709	\$ -
Changes of assumptions	28,619	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Deferred contributions	455,565	-
Total	<u>\$ 2,269,893</u>	<u>\$ -</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<u>Year ended June 30</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 128,964
2022	128,964
2023	128,964
2024	128,964
2025	(21,174)
Thereafter	1,319,646
Total	<u>\$ 1,814,328</u>

Payable to the OPEB Plan

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

8. EXCESS EXPENDITURES

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2020 were as follows:

	<u>Excess Expenditures</u>
General Fund	
Certificated salaries	\$ 495,453
Classified salaries	252,456
Employee benefits	1,520,500
Capital outlay	1,309
Other outgo	126,646

The excess is not in accordance with Education Code 42600. The salary excess expenditures represent COLA increases that were not budgeted for. The employee benefits excess expenditures represent STRS on Behalf of contributions that were not budgeted for. The excess capital outlay was due to an additional invoice that was not budgeted for at year end.

9. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified on the following page.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

9. FUND BALANCES (CONTINUED)

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
Nonspendable:						
Revolving Cash	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Inventory	18,819	-	-	-	165,307	184,126
Prepaid Expenses	3,200	-	-	-	-	3,200
Total Nonspendable	<u>47,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,307</u>	<u>212,326</u>
Restricted:						
Special Ed: Early Ed Individuals with Exceptional Needs (Infant Program)	22,596	-	-	-	-	22,596
Learning Communities for School Success Program	308,795	-	-	-	-	308,795
Classified School Employee Professional						
Development Block Grant	44,340	-	-	-	-	44,340
Ongoing & Major Maintenance Account	610,788	-	-	-	-	610,788
Other Restricted Local	358,169	-	-	-	-	358,169
Reserve for Bond Projects	-	16,722,388	-	-	-	16,722,388
Medi-Cal Billing Option	69,851	-	-	-	-	69,851
CalWORKs for ROCP or Adult Education	-	-	-	-	21,436	21,436
Adult Education Program	-	-	-	-	234,503	234,503
California Clean Energy Jobs Act	-	-	-	-	350,236	350,236
Lottery: Instructional Materials	220,000	-	-	-	3,493	223,493
Classified School Employee Professional Development Block	-	-	-	-	287	287
SB 117 COVID-19 LEA Response Funds	-	-	-	-	710	710
Low-Performing Students Block Grant	31,764	-	-	-	1,998	33,762
Other Restricted Local	-	-	2,551,168	-	5,553,395	8,104,563
Child Nutrition: School Programs	-	-	-	-	302,699	302,699
Child Nutrition: Child Care Food Program	-	-	-	-	267,992	267,992
Debt Service	-	-	-	10,065,040	-	10,065,040
Total Restricted	<u>1,666,303</u>	<u>16,722,388</u>	<u>2,551,168</u>	<u>10,065,040</u>	<u>6,736,749</u>	<u>37,741,648</u>
Assigned:						
Other Assignments	-	-	5,980,669	-	167,129	6,147,798
Total Assigned	<u>-</u>	<u>-</u>	<u>5,980,669</u>	<u>-</u>	<u>167,129</u>	<u>6,147,798</u>
Unassigned:						
Reserve for Economic Uncertainties	5,222,338	-	-	-	-	5,222,338
Unappropriated	14,978,402	-	-	-	-	14,978,402
Total Unassigned	<u>20,200,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,200,740</u>
Total Fund Balances	<u>\$21,914,062</u>	<u>\$16,722,388</u>	<u>\$ 8,531,837</u>	<u>\$ 10,065,040</u>	<u>\$ 7,069,185</u>	<u>\$ 64,302,512</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

10. JOINT VENTURES

The District participates in four joint ventures under Joint Powers Agreements (JPA): Northern California Regional Liability Excess Fund (NCR) for liability insurance, School Project for Utility Rate Reduction (SPURR) for wholesale natural gas, North Valley Schools Insurance Group (NVSIG) for workers compensation insurance, Schools Excess Liability Fund (SELF) for excess insurance coverage.

The relationship between District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The most recently available audited, condensed financial information for the JPAs is as follows:

	<u>NCR</u> <u>6/30/2019*</u>	<u>NVSIG</u> <u>6/30/2019*</u>	<u>SPURR</u> <u>6/30/2018*</u>	<u>PIPS</u> <u>6/30/2019*</u>
Total Assets	<u>\$ 90,903,300</u>	<u>\$ 3,371,324</u>	<u>\$ 15,263,579</u>	<u>\$133,474,239</u>
Total Liabilities	<u>73,773,663</u>	<u>1,639,652</u>	<u>9,192,458</u>	<u>99,564,236</u>
Net Position	<u>\$ 17,129,637</u>	<u>\$ 1,731,672</u>	<u>\$ 6,071,121</u>	<u>\$ 33,910,003</u>
Revenues	\$ 62,352,151	\$ 15,010,503	\$ 40,990,839	\$315,861,808
Expenditures	<u>57,522,201</u>	<u>14,848,552</u>	<u>41,716,880</u>	<u>306,086,109</u>
Change in Net Position	<u>\$ 4,829,950</u>	<u>\$ 161,951</u>	<u>\$ (726,041)</u>	<u>\$ 9,775,699</u>

**Most recent report available*

Audited financial statements for the JPAs are prepared annually and can be obtained from management of the individual JPAs.

11. COMMITMENTS AND 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.

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

12. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District’s operations and financial results at this time.

The District’s management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2020 through October 27, 2020, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
LCFF sources	\$ 76,115,034	\$ 76,534,803	\$ 76,671,978	\$ 137,175
Federal revenue	5,909,866	4,394,095	4,460,874	66,779
Other state revenues	8,223,501	6,746,475	9,104,454	2,357,979
Other local revenues	3,353,644	3,162,759	4,110,809	948,050
Total revenues	<u>93,602,045</u>	<u>90,838,132</u>	<u>94,348,115</u>	<u>3,509,983</u>
EXPENDITURES				
Certificated salaries	37,168,371	36,174,865	36,670,318	(495,453)
Classified salaries	13,832,690	13,732,685	13,985,141	(252,456)
Employee benefits	21,513,203	21,004,832	22,525,332	(1,520,500)
Books and supplies	4,456,891	4,492,784	2,663,513	1,829,271
Services and other operating expenditures	13,361,358	13,082,988	9,919,908	3,163,080
Capital outlay	588,080	774,954	776,263	(1,309)
Other outgo	566,843	371,857	498,503	(126,646)
Total expenditures	<u>91,487,436</u>	<u>89,634,965</u>	<u>87,038,978</u>	<u>2,595,987</u>
Excess (deficiency) of revenues over expenditures	2,114,609	1,203,167	7,309,137	6,105,970
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	190,464	190,464
Operating transfers out	(133,137)	(1,305,145)	(191,808)	(1,113,337)
Total other financing sources (uses)	<u>(133,137)</u>	<u>(1,305,145)</u>	<u>(1,344)</u>	<u>1,303,801</u>
Net change in fund balances	1,981,472	(101,978)	7,307,793	7,409,771
Fund balances, July 1, 2019	<u>14,606,269</u>	<u>14,606,269</u>	<u>14,606,269</u>	<u>-</u>
Fund balances, June 30, 2020	<u>\$ 16,587,741</u>	<u>\$ 14,504,291</u>	<u>\$ 21,914,062</u>	<u>\$ 7,409,771</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICTS
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Total OPEB liability			
Service cost	\$ 1,321,721	\$ 1,286,346	\$ 1,251,918
Interest	468,611	432,258	358,098
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,006,795	-	-
Changes of assumptions	286,154	(273,786)	-
Benefit payments	(501,287)	(510,408)	(490,777)
Net change in total OPEB liability	<u>3,581,994</u>	<u>934,410</u>	<u>1,119,239</u>
Total OPEB liability - beginning	<u>11,921,661</u>	<u>10,987,251</u>	<u>9,868,012</u>
Total OPEB liability - ending (a)	<u>\$ 15,503,655</u>	<u>\$ 11,921,661</u>	<u>\$ 10,987,251</u>
Plan fiduciary net position			
Contributions - employer	\$ 501,287	\$ 510,408	\$ 490,777
Net investment income	-	-	-
Benefit payments	(501,287)	(510,408)	(490,777)
Administrative expense	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 15,503,655</u>	<u>\$ 11,921,661</u>	<u>\$ 10,987,251</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered-employee payroll	\$ 53,507,304	\$ 54,567,965	\$ 54,895,662
District's net OPEB liability as a percentage of covered-employee payroll	29%	22%	20%

* Only three years are presented as GASB 75 was implemented in 2017-2018.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS	June 30, 2014 ⁽¹⁾	June 30, 2015 ⁽¹⁾	June 30, 2016 ⁽¹⁾	June 30, 2017 ⁽¹⁾	June 30, 2018 ⁽¹⁾	June 30, 2019 ⁽¹⁾
Proportion of the net pension liability (asset)	0.09449%	0.10028%	0.10299%	0.10526%	0.10958%	0.10434%
Proportionate share of the net pension liability (asset)	\$ 10,726,389	\$ 14,781,590	\$ 20,340,254	\$ 25,128,500	\$ 29,216,768	\$ 30,409,322
Covered payroll ⁽²⁾	\$ 9,641,381	\$ 11,030,894	\$ 10,539,754	\$ 12,002,833	\$ 12,427,893	\$ 13,236,474
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%	229.74%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 1,134,887	\$ 1,306,830	\$ 1,463,761	\$ 1,864,160	\$ 2,244,726	\$ 2,610,365
STRS	June 30, 2014 ⁽¹⁾	June 30, 2015 ⁽¹⁾	June 30, 2016 ⁽¹⁾	June 30, 2017 ⁽¹⁾	June 30, 2018 ⁽¹⁾	June 30, 2019 ⁽¹⁾
Proportion of the net pension liability (asset)	0.06044%	0.06236%	0.06576%	0.06798%	0.06877%	0.06892%
Proportionate share of the net pension liability (asset)	\$ 35,321,710	\$ 41,986,522	\$ 53,183,333	\$ 62,864,351	\$ 63,206,610	\$ 62,245,016
Covered payroll ⁽²⁾	\$ 25,011,959	\$ 23,955,685	\$ 27,951,272	\$ 31,408,087	\$ 32,448,440	\$ 35,268,088
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%	176.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 2,221,062	\$ 2,570,445	\$ 3,516,270	\$ 4,532,187	\$ 5,282,606	\$ 6,030,843

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Covered payroll is the payroll on which contributions to a pension plan are based.

⁽³⁾ The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CalPERS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 1,134,887	\$ 1,306,830	\$ 1,463,761	\$ 1,864,160	\$ 2,244,726	\$ 2,610,365
Contributions in relation to the contractually required contribution ⁽²⁾	(1,253,374)	(1,463,761)	(1,864,160)	(2,245,420)	(2,629,325)	(2,819,797)
Contribution deficiency (excess)	<u>\$ (118,487)</u>	<u>\$ (156,931)</u>	<u>\$ (400,399)</u>	<u>\$ (381,260)</u>	<u>\$ (384,599)</u>	<u>\$ (209,432)</u>
Covered payroll ⁽³⁾	\$ 9,641,381	\$ 11,030,894	\$ 10,539,754	\$ 12,002,833	\$ 12,427,893	\$ 13,236,474
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%
STRS	Fiscal Year 2014-15 ⁽¹⁾	Fiscal Year 2015-16 ⁽¹⁾	Fiscal Year 2016-17 ⁽¹⁾	Fiscal Year 2017-18 ⁽¹⁾	Fiscal Year 2018-19 ⁽¹⁾	Fiscal Year 2019-20 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 2,221,062	\$ 2,570,445	\$ 3,516,270	\$ 4,532,187	\$ 5,282,606	\$ 6,030,843
Contributions in relation to the contractually required contribution ⁽²⁾	(2,674,147)	(3,516,270)	(4,532,187)	(5,460,830)	(6,009,554)	(6,068,254)
Contribution deficiency (excess)	<u>\$ (453,085)</u>	<u>\$ (945,825)</u>	<u>\$ (1,015,917)</u>	<u>\$ (928,643)</u>	<u>\$ (726,948)</u>	<u>\$ (37,411)</u>
Covered payroll ⁽³⁾	\$ 25,011,959	\$ 23,955,685	\$ 27,951,272	\$ 31,408,087	\$ 32,448,440	\$ 35,268,088
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered payroll is the payroll on which contributions to a pension plan are based.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. PURPOSE OF SCHEDULES

A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

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 Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of the Changes in the District's Net OPEB Liability and Related Ratios

Benefit changes: There were no changes to benefits.

Changes of assumptions: The discount rate changed from 3.8% as of the prior valuation date to 3.5% as of June 30, 2019 valuation date.

Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

C - Schedule of OPEB Contributions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year ended June 30, 2020 were from the June 30, 2019 valuation.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Amortization period	15 years
Asset valuation method	There are no plan assets
Inflation	2.75% per year
Healthcare cost trend rates	4.00% per year
Payroll increase	2.75% per year
Investment rate of return	3.50% per year net of expenses based on the Bond Buyer 20 Bond Index
Mortality	
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees 2014 CalPERS Retiree Mortality for Miscellaneous Employees
Retirement	
Certificated	2009 CalSTRS Retirement Rates
Classified	
Hired before 2013	2009 CalPERS Retirement Rates for School Employees
Hired after 2012	2009 CalPERS 2% @ 60 Retirement Rates for Misc. Employees

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Proportionate Share of the Net Pension Liability

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

Changes in Assumptions

There were no changes in the assumptions used in the calculation of both the PERS and STRS collective net pension liabilities.

Changes in Benefit Terms

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

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

E - Schedule of Pension Contributions

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return ⁽¹⁾	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

⁽¹⁾ Net of pension plan investment expenses, including inflation

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2020

	<u>Charter Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Special Revenue Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve Capital Outlay Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 164,843	\$ 221,107	\$ 4,586	\$ 17,619	\$ 32	\$ 525,379	\$ 4,807,304	\$ 5,740,870
Accounts receivable	183,643	86,722	122,056	1,016,644	-	-	-	1,409,065
Due from other funds	10,493	-	86,311	210,634	-	-	746,091	1,053,529
Stores Inventory	-	-	-	165,307	-	-	-	165,307
Total Assets	<u>\$ 358,979</u>	<u>\$ 307,829</u>	<u>\$ 212,953</u>	<u>\$ 1,410,204</u>	<u>\$ 32</u>	<u>\$ 525,379</u>	<u>\$ 5,553,395</u>	<u>\$ 8,368,771</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 49,052	\$ 4,488	\$ 45,964	\$ 111,160	\$ -	\$ 477	\$ -	\$ 211,141
Unearned revenue	365	21,236	4,067	14,036	-	-	-	39,704
Due to other funds	196,303	4,951	162,535	548,923	32	135,997	-	1,048,741
Total Liabilities	<u>245,720</u>	<u>30,675</u>	<u>212,566</u>	<u>674,119</u>	<u>32</u>	<u>136,474</u>	<u>-</u>	<u>1,299,586</u>
Fund balances								
Nonspendable	-	-	-	165,307	-	-	-	165,307
Restricted	6,488	255,939	-	570,691	-	350,236	5,553,395	6,736,749
Assigned	106,771	21,215	387	87	-	38,669	-	167,129
Total Fund Balances	<u>113,259</u>	<u>277,154</u>	<u>387</u>	<u>736,085</u>	<u>-</u>	<u>388,905</u>	<u>5,553,395</u>	<u>7,069,185</u>
Total liabilities and fund balances	<u>\$ 358,979</u>	<u>\$ 307,829</u>	<u>\$ 212,953</u>	<u>\$ 1,410,204</u>	<u>\$ 32</u>	<u>\$ 525,379</u>	<u>\$ 5,553,395</u>	<u>\$ 8,368,771</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Charter Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Special Revenue Fund</u>	<u>County School Facility Fund</u>	<u>Special Reserve Capital Outlay Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES								
LCFF sources	\$ 1,090,376	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,090,376
Federal revenue	-	5,367	-	3,957,610	-	-	-	3,962,977
Other state revenues	83,538	461,962	911,363	681,214	1,500,000	-	-	3,638,077
Other local revenues	2,954	2,474	17,861	894,608	-	15,473	578,074	1,511,444
Total revenues	<u>1,176,868</u>	<u>469,803</u>	<u>929,224</u>	<u>5,533,432</u>	<u>1,500,000</u>	<u>15,473</u>	<u>578,074</u>	<u>10,202,874</u>
EXPENDITURES								
Certificated salaries	460,271	167,857	289,740	-	-	-	-	917,868
Classified salaries	52,625	31,671	312,518	1,481,306	-	-	-	1,878,120
Employee benefits	214,903	92,030	314,441	712,850	-	-	-	1,334,224
Books and supplies	26,601	12,513	24,175	2,186,881	-	-	-	2,250,170
Services and other operating expenditures	69,861	53,807	3,826	205,772	-	281	-	333,547
Capital outlay	-	-	-	88,418	1,509,901	659,397	-	2,257,716
Other outgo	51,257	15,028	68,776	234,706	-	-	826,498	1,196,265
Total expenditures	<u>875,518</u>	<u>372,906</u>	<u>1,013,476</u>	<u>4,909,933</u>	<u>1,509,901</u>	<u>659,678</u>	<u>826,498</u>	<u>10,167,910</u>
Excess(deficiency) of revenues over expenditures	<u>301,350</u>	<u>96,897</u>	<u>(84,252)</u>	<u>623,499</u>	<u>(9,901)</u>	<u>(644,205)</u>	<u>(248,424)</u>	<u>34,964</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	84,500	107,308	-	-	746,091	937,899
Operating transfers out	(190,464)	-	-	-	-	-	-	(190,464)
Total other financing sources (uses)	<u>(190,464)</u>	<u>-</u>	<u>84,500</u>	<u>107,308</u>	<u>-</u>	<u>-</u>	<u>746,091</u>	<u>747,435</u>
Net change in fund balances	110,886	96,897	248	730,807	(9,901)	(644,205)	497,667	782,399
Fund balances, July 1, 2019	<u>2,373</u>	<u>180,257</u>	<u>139</u>	<u>5,278</u>	<u>9,901</u>	<u>1,033,110</u>	<u>5,055,728</u>	<u>6,286,786</u>
Fund balances, June 30, 2020	<u>\$ 113,259</u>	<u>\$ 277,154</u>	<u>\$ 387</u>	<u>\$ 736,085</u>	<u>\$ -</u>	<u>\$ 388,905</u>	<u>\$ 5,553,395</u>	<u>\$ 7,069,185</u>

WASWHINGTON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 01, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Body Funds				
Assets:				
Cash on hand and in banks				
Bridgeway Island	\$ 18,865	\$ 44,570	\$ (30,077)	33,358
River City	177,316	343,721	(364,030)	157,007
Stonegate	21,526	29,529	(17,758)	33,297
Westmore Oaks	14,251	1,814	(4,775)	11,290
Yolo High	5,361	-	(3,314)	2,047
Total Assets	<u>\$ 237,319</u>	<u>\$ 419,634</u>	<u>\$ (419,954)</u>	<u>\$ 236,999</u>
Liabilities:				
Due to student groups	\$ 237,319	\$ 419,634	\$ (419,954)	\$ 236,999
Total Liabilities	<u>\$ 237,319</u>	<u>\$ 419,634</u>	<u>\$ (419,954)</u>	<u>\$ 236,999</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2020

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 TRUSTEES

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

ADMINISTRATION

Linda Luna
Superintendent

Stan Mojsich
Assistant Superintendent, Educational Services

Norma Gonzalez
Assistant Superintendent, Administrative Services

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DISTRICT	Second Period Report	Annual Report
Elementary		
TK through third	2,236.45	2,236.45
Fourth through Sixth	1,631.82	1,631.82
Seventh through Eighth	1,177.32	1,177.32
Special Education	20.22	20.22
Subtotal	5,065.81	5,065.81
Secondary		
Ninth through Twelfth	2,134.13	2,134.13
Special Education	10.41	10.41
Subtotal	2,144.54	2,144.54
Total	7,210.35	7,210.35
	Second Period Report	Annual Report
CHARTER SCHOOL		
Secondary		
Ninth through Twelfth	99.60	99.60
Total	99.60	99.60

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2019-20 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
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	57,245	180	In compliance
Grade 7	54,000	57,245	180	In compliance
Grade 8	54,000	57,245	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
<u>CHARTER SCHOOL</u>				
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

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Charter School ID Number</u>	<u>Charter Schools Chartered by the District</u>	<u>Included in the District Financial Statements, or Separate Report</u>
0907	Washington Middle College High	Included as Charter Schools Fund
1338	Sacramento Valley Charter School	Separately Reported
1659	River Charter Schools Lighthouse Charter School	Separately Reported

WASHINGTON UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	All Non-Major Funds
FUND BALANCE					
Beginning balance, July 1, 2019, Unaudited Actuals	\$ 14,606,269	\$ 23,241,834	\$ 6,068,287	\$ 10,025,752	\$ 6,286,786
Increase in:					
Cash	-	-	-	126,569	-
Decrease in:					
Cash	-	(126,569)	-	-	-
Balance, July 1, 2019, Audited Financial Statements	<u>\$ 14,606,269</u>	<u>\$ 23,115,265</u>	<u>\$ 6,068,287</u>	<u>\$ 10,152,321</u>	<u>\$ 6,286,786</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through California Department of Education			
<u>Special Education Cluster:</u>			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	\$ 1,513,756
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	12,938
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	42,887
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	86,389
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	453
	Subtotal Special Education Cluster		<u>1,656,423</u>
<u>Adult Education Cluster:</u>			
84.002A	Adult Education: Adult Basic Education & ELA (Section 231)	14508	4,857
84.002	Adult Education: Adult Secondary Education (Section 231)	13978	510
	Subtotal Adult Education Cluster		<u>5,367</u>
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	* 1,561,251
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	197,369
84.367	ESSA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	* 372,706
84.424	ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	15396	30,953
84.365	ESSA: Title III, Immigrant Student Program	15146	17,230
84.365	ESSA: Title III, English Learner Student Program	14346	214,768
84.060	Indian Education (from Federal Government)	10011	9,022
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	<u>70,694</u>
	Total U.S. Department of Education		<u>4,135,783</u>
<u>U.S. Department of Agriculture</u>			
Passed through California Department of Education			
10.555	Child Nutrition: School Programs (NSL Sec 4)	13391	3,289,011
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	524,539
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	<u>144,060</u>
	Total U.S. Department of Agriculture		<u>3,957,610</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through California Department of Education			
93.778	Unrestricted: Medi-Cal Administrative Activities (MAA)	10060	267,199
93.778	Dept of Health Care Services (DHCS): Medi-Cal Billing Option	10013	<u>63,259</u>
	Total U.S. Department of Health and Human Services		<u>330,458</u>
	Total Federal Programs		<u>\$ 8,423,851</u>
* Tested as a major program.			

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund	Adopted Budget 2020/2021	Actuals 2019/2020	Actuals 2018/2019	Actuals 2017/2018
Revenues and Other Financial Sources	\$ 84,087,950	\$ 94,538,579	\$ 96,912,914	\$ 85,347,431
Expenditures	86,440,742	87,038,978	93,753,041	89,940,058
Other Uses and Transfers Out	107,000	191,808	982,171	1,699,813
Total Outgo	86,547,742	87,230,786	94,735,212	91,639,871
Change in Fund Balance	(2,459,792)	7,307,793	2,177,702	(6,292,440)
Ending Fund Balance	\$ 19,454,270	\$ 21,914,062	\$ 14,606,269	\$ 12,428,567
Available Reserves	\$ 17,727,966	\$ 20,200,740	\$ 12,913,216	\$ 11,097,501
Reserve for Economic Uncertainties	\$ 5,186,445	\$ 5,222,338	\$ 5,598,820	\$ 5,727,259
Unassigned Fund Balance	\$ 12,541,521	\$ 14,978,402	\$ 7,314,396	\$ 5,370,242
Available Reserves as a Percentage of Total Outgo	20.5%	23.2%	13.6%	12.1%
Total Long-Term Debt	\$ 286,221,826	\$ 296,452,453	\$ 299,327,522	\$ 298,784,724
Average Daily Attendance at P-2	7,247	7,247	7,278	7,408

The general fund balance has increased by \$3,193,055 over the past three years. Fiscal year 2020-21 projects a decrease of \$2,459,792. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in two of the past three years and anticipates incurring an operating deficit during fiscal year 2020-2021.

Total long-term liabilities have decreased by \$2,332,271 over the past two years due to refunding of General Obligation Bonds.

Average Daily Attendance (ADA) has decreased by 161 over the past two years. The District anticipates no changes in ADA in fiscal year 2020-21.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. PURPOSE OF STATEMENTS AND 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

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. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

C. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The August 2020 Edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

E. Schedule of Financial Trends and Analysis

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

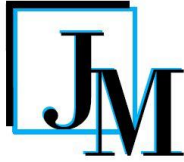
F. Schedule of Charter Schools

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

2. EARLY RETIREMENT INCENTIVE PROGRAM

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

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

Board of Trustees
Washington Unified School District
West Sacramento, California

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

Management's Responsibility

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
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

School Districts, County Offices of Education and Charter Schools

Description	Procedures Performed
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Fund	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

Charter Schools

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

We did not perform any procedures related to Early Retirement Incentive, Juvenile Court Schools, Apprenticeship: Related and Supplemental Instruction, Independent Study-Course Based, District of Choice, and the Before portion of After/Before School Education and Safety Program because the District does not offer these programs.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for Charter Schools and Determination of Funding for Nonclassroom-Based Instruction for Charter Schools as the Charter school does not have an independent study program.

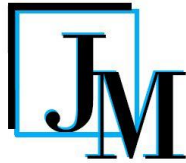
We did not perform any procedures related Charter School Facility Grant Program because the District did not receive any grant funding from this program.

Opinion on Compliance with State Laws and Regulations

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 27, 2020



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Unified School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

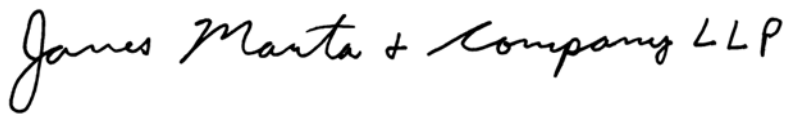
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

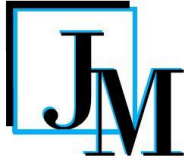
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 27, 2020



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
Benicia, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the August 2020 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

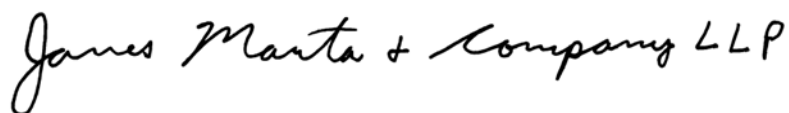
Internal Control Over Compliance

Management of the 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 the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 27, 2020

FINDINGS AND RECOMMENDATIONS

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I – Summary of Audit 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? _____ 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? _____ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected
84.367	ESSA: Title II, Part A, Supporting Effective Instruction Local Grants

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

Internal control over state programs:
Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for state programs: Unmodified

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II – Financial Statement Findings

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section IV – State Award Findings and Questioned Costs

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

No matters were reported.