

SAN BRUNO PARK SCHOOL DISTRICT

**COUNTY OF SAN MATEO
SAN BRUNO, CALIFORNIA**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SAN BRUNO PARK SCHOOL DISTRICT

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
San Bruno Park School District
San Bruno, 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 San Bruno Park School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 San Bruno Park School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As described in Note 1X to the financial statements, the District adopted GASB Statement No. 84, Fiduciary Activities which required a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – the General Fund, Schedule of OPEB Contributions, Schedule of Changes in the 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 July 2021 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 and the 2021 Compliance Supplement Addendum, 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 January 31, 2022 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 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
January 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

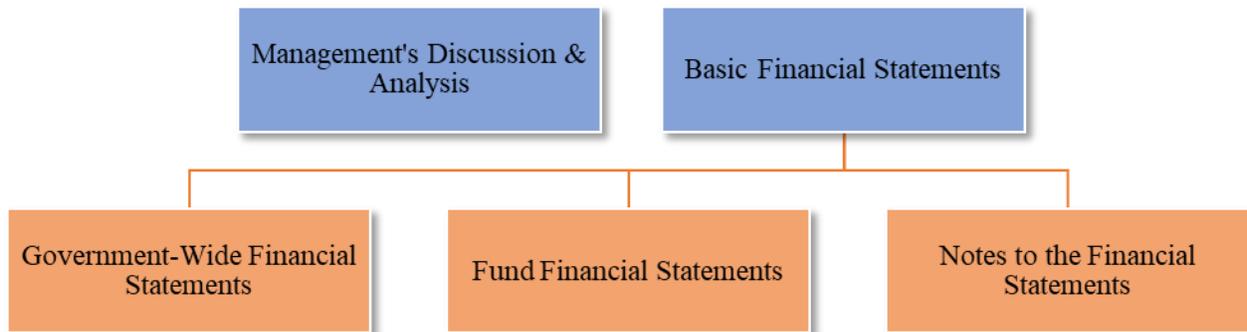
JUNE 30, 2021

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2021, were as follows:

- Total net position increased by \$6,992,074 or 77% from June 30, 2020 to June 30, 2021 due to COVID One-Time funding.
- General revenues accounted for \$33,955,097 which was 75.8% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for \$10,864,465, or 24.2% of total revenues of \$44,819,562.
- The District had \$37,827,488 in expenses, which was directly supported by program specific revenues as noted in the second bullet.
- Total fund balances of governmental funds increased by \$27,174,539 from June 30, 2020 to June 30, 2021.
- Among major funds, the General Fund had \$33,023,077 in revenues and \$29,735,560 in expenditures. The General Fund's fund balance increased by \$3,280,093 from June 30, 2020 to June 30, 2021.

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financial statements, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020-21?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. 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 future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Total assets of governmental activities (Current & Other Assets + Capital Assets) increased by \$32,566,018. Current assets (Current and Other Assets) increased \$30,982,072 due to bond sales. Unrestricted net position of the District, which does not have constraints from grantors, legal requirements, or legislation, (Net Position – Unrestricted) decreased by \$13,244,335.

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Table 1 provides a summary of the District's net position as of June 30, 2021 as compared to June 30, 2020:

Table 1 – Summary of Net Position

	2021	(As restated) 2020	Increase (Decrease)	Percent
Assets				
Current & Other Assets	\$ 72,472,696	\$ 41,490,624	\$ 30,982,072	75%
Capital Assets	28,935,203	27,351,257	1,583,946	6%
Total Assets	<u>101,407,899</u>	<u>68,841,881</u>	<u>32,566,018</u>	<u>47%</u>
Deferred Outflows of Resources	<u>13,359,423</u>	<u>9,901,963</u>	<u>3,457,460</u>	<u>35%</u>
Liabilities				
Current and Other Liabilities	6,132,409	1,795,306	4,337,103	242%
Long-Term Liabilities	101,891,194	82,808,413	19,082,781	23%
Total Liabilities	<u>108,023,603</u>	<u>84,603,719</u>	<u>23,419,884</u>	<u>28%</u>
Deferred Inflows of Resources	<u>8,839,843</u>	<u>3,228,323</u>	<u>5,611,520</u>	<u>174%</u>
Net Position				
Net Investment in Capital Assets	10,228,777	17,308,810	(7,080,033)	-41%
Restricted	60,216,164	32,899,722	27,316,442	83%
Unrestricted	(72,541,065)	(59,296,730)	(13,244,335)	22%
Total Net Position	<u>\$ (2,096,124)</u>	<u>\$ (9,088,198)</u>	<u>\$ 6,992,074</u>	<u>-77%</u>

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Table 2 shows the changes in net position from fiscal year 2019-20 to 2020-21:

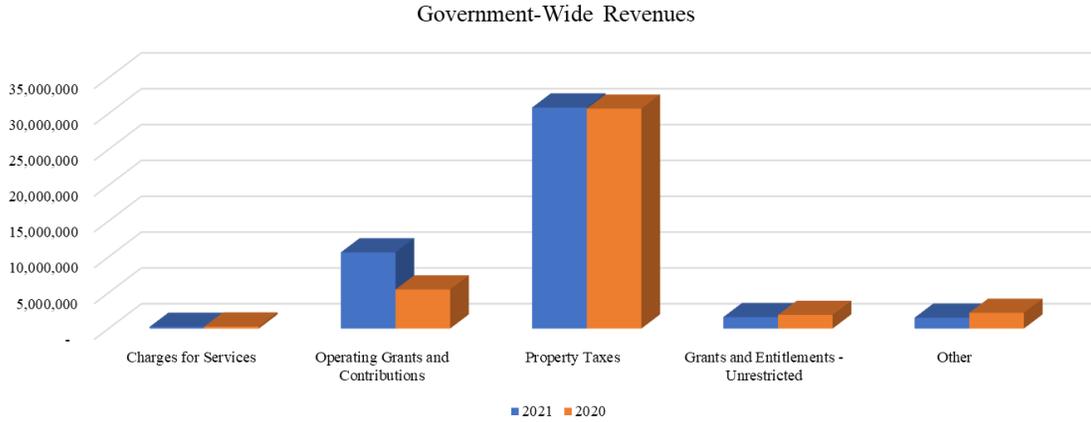
Table 2 – Change in Net Position

	2021	2020	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 239,606	\$ 283,234	\$ (43,628)	-15%
Operating Grants and Contributions	10,624,859	5,445,328	5,179,531	95%
General Revenues:				
Property Taxes	30,841,031	30,680,320	160,711	1%
Grants and Entitlements - Unrestricted	1,599,233	1,907,258	(308,025)	-16%
Other	1,514,833	2,190,939	(676,106)	-31%
Total Revenues	44,819,562	40,507,079	4,312,483	11%
Program Expenses				
Instruction	19,063,145	24,753,862	(5,690,717)	-23%
Instruction-Related Services	3,627,888	3,730,530	(102,642)	-3%
Pupil Services	1,791,603	3,084,885	(1,293,282)	-42%
General Administration	3,080,993	2,740,167	340,826	12%
Plant Services	2,481,553	3,126,654	(645,101)	-21%
Ancillary Services	405,499	142,887	262,612	184%
Other Outgo	414,824	868,417	(453,593)	-52%
Interest and Fiscal Charges	6,961,983	2,281,687	4,680,296	205%
Total Expenses	37,827,488	40,729,089	(2,901,601)	-7%
Change in Net Position	\$ 6,992,074	\$ (222,010)	\$ 7,214,084	-3249%

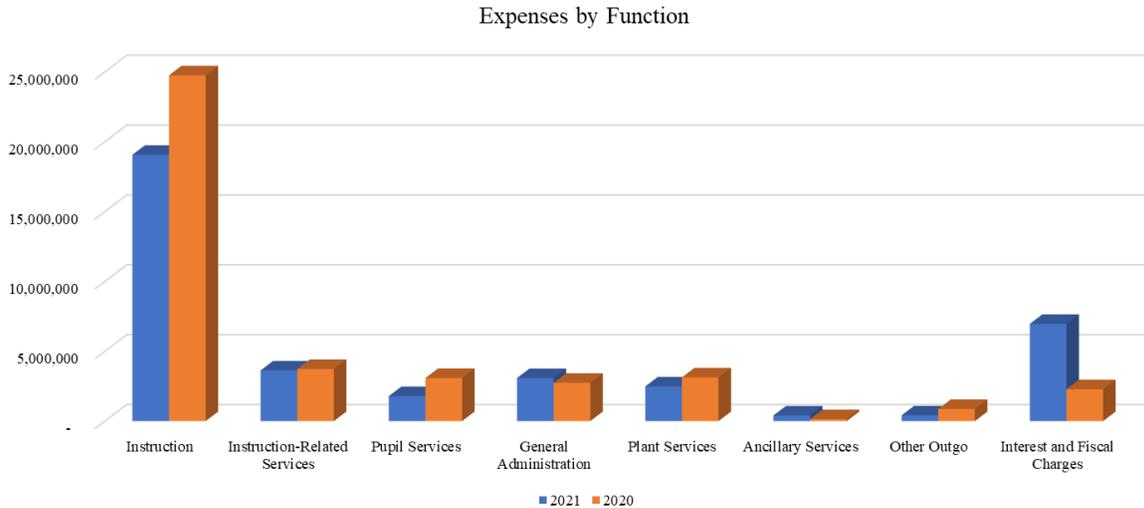
Property taxes comprised 68.8% of District revenues and direct instruction costs comprised 50.4% of District expenses for fiscal year 2020-21. These percentages are consistent with 2019-20. Total revenues increased by 11% and total expenses decreased by 7% for fiscal year 2020-21.

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The following is a summary of government-wide revenues for the fiscal years ended June 30, 2020 and 2021:



The following is a summary of expenses by function for the fiscal years ended June 30, 2020 and 2021:



GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Table 3 – Net Cost of Services

	2021	2020	Increase (Decrease)	Percent
Program Expenses				
Instruction	\$ 19,063,145	\$ 24,753,862	\$ (5,690,717)	-23%
Instruction-Related Services	3,627,888	3,730,530	(102,642)	-3%
Pupil Services	1,791,603	3,084,885	(1,293,282)	-42%
General Administration	3,080,993	2,740,167	340,826	12%
Plant Services	2,481,553	3,126,654	(645,101)	-21%
Ancillary Services	405,499	142,887	262,612	184%
Other Outgo	414,824	868,417	(453,593)	-52%
Interest and Fiscal Charges	6,961,983	2,281,687	4,680,296	205%
Total Expenses	<u>\$ 37,827,488</u>	<u>\$ 40,729,089</u>	<u>\$ (2,901,601)</u>	<u>-7%</u>

The following summarizes the District's functions:

- *Instruction* expenditures include activities directly dealing with the teaching of pupils.
- *Instruction-related services* include the activities involved with assisting staff with the content and process of educating students.
- *Pupil services* include guidance and counseling, psychological, health, speech and testing services, as well as preparing, delivering, and serving meals to students.
- *General administration* reflects expenditures associated with the administrative and financial supervision of the school district. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- *Plant services* involve keeping the school grounds, buildings, and equipment in effective working condition.
- *Other Outgo* includes tuition and transfers of resources between the District and other educational agencies for services provided to students.
- *Interest and Fiscal Charges* involve the transactions associated with the payment of interest and other related charges to debt of the District.

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

THE DISTRICT'S FUNDS

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 – Change in Fund Balances

	(As restated)		Increase
	2021	2020	(Decrease)
General Fund	\$ 8,886,979	\$ 5,606,886	\$ 3,280,093
Building Fund	47,407,324	24,050,051	23,357,273
Bond Interest & Redemption Fund	6,067,008	5,944,418	122,590
Non-Major Funds	5,036,057	4,621,474	414,583
Total	<u>\$ 67,397,368</u>	<u>\$ 40,222,829</u>	<u>\$ 27,174,539</u>

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2020-21 fiscal year, the District revised its General Fund budget three times, 45-Day Budget Revision due to increase in one-time funding, at 1st Interim and 2nd interim, which resulted in a increase in budgeted expenditures of \$4,499,268 from the original to final budget.

For the General Fund, the final budgeted revenue was \$32,134,685. The original budgeted estimate was \$28,998,014 (not including the 45-Day budget increases from one-time funds). The final budget reflects an increase in budgeted revenue of \$3,136,671 from the original budget.

CAPITAL ASSETS

Table 5 shows June 30, 2021 balances as compared to June 30, 2020.

Table 5 – Summary of Capital Assets Net of Depreciation

	2021	2020	Percent
Land	\$ 598,612	\$ 598,612	0%
Work-In-Progress	4,081,042	1,420,671	187%
Buildings	28,000,552	28,000,552	0%
Improvement of sites	31,356,936	31,090,262	1%
Equipment	4,418,182	3,677,102	20%
Subtotals	68,455,324	64,787,199	6%
Less: Accumulated Depreciation	(39,520,121)	(37,435,942)	6%
Capital Assets, net	<u>\$ 28,935,203</u>	<u>\$ 27,351,257</u>	6%

SAN BRUNO PARK SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2021

LONG TERM LIABILITIES

Table 6 summarizes the percent changes in long-term liabilities over the past two years.

Table 6 – Long-Term Liabilities

	2021	2020	Percent
General Obligation Bonds	\$ 64,738,668	\$ 42,814,015	51%
Lease Revenue Bonds	2,485,000	2,820,000	-12%
Net Pension Liabilities	29,214,956	28,303,616	3%
Net OPEB Liability	5,350,552	7,168,725	-25%
Compensated Absences	102,018	133,930	-24%
Total	<u>\$ 101,891,194</u>	<u>\$ 81,240,286</u>	<u>25%</u>

FACTORS BEARING ON THE DISTRICT’S FUTURE

There are several factors that will affect the school district’s future. The District had a decrease in enrollment and ADA for 2020-21 and is projecting enrollment to stay consistent in future years for the purposes of providing conservative multi-year projections; with the realization that all of California has declining enrollment. The District will use CBEDS enrollment numbers and will update data as it becomes available to update interim reporting.

Other issues the District will face over the next few years are the loss or one-time funding rather than ongoing money, higher costs arising from scheduled pension contribution rate increases, higher health and welfare costs and higher General Fund Contributions to offset funding shortfalls in Special Education due to increased costs in services and due to the decline in students served, along with the issues that have transpired due to COVID-19 and the current economic environment. The District does make adjustments at the 2nd Interim for one-time monies.

One of the largest factors facing San Bruno Park is the chance of flipping from Basic Aid to LCFF funding. The District flipped into Basic Aid at First Interim in 2017-18 and is projected to stay in that status for the next two years.

The District passed the Measure X bond in November 2018, which has provided the ability to start facility improvements at multiple school sites. The Citizens Oversight Committee was established and is in full swing of monitoring the progress of the bond funds being used for projects. The importance of transparency to our community is priority to maintain their trust in the District as we work on improving our school site facilities for the benefit of student instruction.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Associate Superintendent of Business Services, San Bruno Park School District, 500 Acacia Avenue, San Bruno, CA 94066, (650) 624-3101.

BASIC FINANCIAL STATEMENTS

SAN BRUNO PARK SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS	Governmental Activities
Cash and cash equivalents (Note 2)	\$ 70,205,967
Receivables	1,833,232
Prepaid expenses	406,722
Stores inventory	26,775
Capital assets, net of accumulated depreciation (Note 5)	28,935,203
Total Assets	<u>101,407,899</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pensions (Note 7)	12,566,922
Deferred outflows on OPEB (Note 8)	792,501
Total Deferred Outflows	<u>13,359,423</u>
 LIABILITIES	
Accounts payable and other current liabilities	3,825,122
Unearned revenue	2,307,287
Long-term liabilities:	
Due within one year	5,151,673
Due in more than one year	96,739,521
Total Liabilities	<u>108,023,603</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	4,583,012
Deferred inflows on pensions (Note 7)	3,275,589
Deferred inflows on OPEB (Note 8)	981,242
Total Deferred Inflows	<u>8,839,843</u>
 NET POSITION	
Net investment in capital assets	10,228,777
Restricted	60,216,164
Unrestricted	(72,541,065)
Total Net Position	<u>\$ (2,096,124)</u>

SAN BRUNO PARK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 19,063,145	\$ 3,340	\$ 3,005,586	\$ -	\$ (16,054,219)
Instruction-related services:					
Instructional supervision and administration	863,693	-	40,906	-	(822,787)
Instructional library, media and technology	729,002	-	-	-	(729,002)
School site administration	2,035,193	2,347	270,750	-	(1,762,096)
Pupil Services:					
Home-to-school transportation	125,912	-	132	-	(125,780)
Food services	443,312	34,712	789,463	-	380,863
All other pupil services	1,222,379	1,602	309,346	-	(911,431)
General administration:					
Centralized data processing	1,112,360	603	874,442	-	(237,315)
All other general administration	1,968,633	97	322,103	-	(1,646,433)
Plant services	2,481,553	2,763	113,824	-	(2,364,966)
Ancillary services	405,499	282	389,670	-	(15,547)
Interest on long-term debt	6,961,983	-	-	-	(6,961,983)
Other outgo	414,824	193,860	4,508,637	-	4,287,673
Total governmental activities	\$ 37,827,488	\$ 239,606	\$ 10,624,859	\$ -	(26,963,023)
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					25,113,385
Taxes levied for debt service					5,727,646
Federal and state aid not restricted to specific purposes					1,599,233
Interest and investment earnings					139,427
Miscellaneous					725,406
Special and extraordinary items					650,000
Total General Revenues					33,955,097
					Change in Net Position
					6,992,074
					Net Position, July 1, 2020 - as originally reported
					(9,106,631)
					Change in accounting principle (Note 1X)
					18,433
					Net Position, July 1, 2020 - as restated
					(9,088,198)
					Net Position, June 30, 2021
					\$ (2,096,124)

SAN BRUNO PARK SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 10,205,606	\$ 48,517,242	\$ 6,053,530	\$ 5,429,589	\$ 70,205,967
Accounts receivable	1,192,475	121,268	13,478	506,011	1,833,232
Due from other funds	89,150	-	-	7,424	96,574
Prepaid expenses	406,722	-	-	-	406,722
Stores inventory	-	-	-	26,775	26,775
Total Assets	\$ 11,893,953	\$ 48,638,510	\$ 6,067,008	\$ 5,969,799	\$ 72,569,270
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,384,892	\$ 1,231,186	\$ -	\$ 151,963	\$ 2,768,041
Due to other funds	7,424	-	-	89,150	96,574
Unearned revenue	1,614,658	-	-	692,629	2,307,287
Total Liabilities	3,006,974	1,231,186	-	933,742	5,171,902
Fund balances					
Nonspendable	427,222	-	-	28,775	455,997
Restricted	2,564,053	47,407,324	6,067,008	4,177,779	60,216,164
Assigned	1,939,922	-	-	829,503	2,769,425
Unassigned	3,955,782	-	-	-	3,955,782
Total Fund Balances	8,886,979	47,407,324	6,067,008	5,036,057	67,397,368
Total liabilities and fund balances	\$ 11,893,953	\$ 48,638,510	\$ 6,067,008	\$ 5,969,799	\$ 72,569,270

SAN BRUNO PARK SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

GOVERNMENTAL FUNDS

JUNE 30, 2021

Total fund balances - governmental funds	\$ 67,397,368
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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	\$ 68,455,324	
Accumulated depreciation	(39,520,121)	
Net		28,935,203

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. (1,057,081)

Unamortized premiums and discounts: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:

Unamortized portion of bond premiums	(4,583,012)
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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:

Net pension liabilities	\$ 29,214,956	
General obligation bonds payable:		
Current Interest	54,131,253	
Accreted Interest	10,607,415	
Lease revenue bonds payable	2,485,000	
Net OPEB liability	5,350,552	
Compensated absences payable	102,018	
		(101,891,194)

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 reported.

Deferred outflows of resources relating to OPEB	792,501
Deferred inflows of resources relating to OPEB	(981,242)

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	12,566,922
Deferred inflows of resources relating to pensions	(3,275,589)

Total net position - governmental activities	\$ (2,096,124)
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SAN BRUNO PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
REVENUES					
LCFF sources	\$ 26,133,902	\$ -	\$ -	-	\$ 26,133,902
Federal revenue	2,133,101	-	-	706,811	2,839,912
Other state revenues	3,199,769	-	20,807	1,174,663	4,395,239
Other local revenues	1,556,305	457,884	5,748,011	596,412	8,358,612
Total revenues	<u>33,023,077</u>	<u>457,884</u>	<u>5,768,818</u>	<u>2,477,886</u>	<u>41,727,665</u>
EXPENDITURES					
Certificated salaries	10,295,875	-	-	55,242	10,351,117
Classified salaries	3,837,711	2,938	-	1,077,003	4,917,652
Employee benefits	6,502,795	899	-	474,237	6,977,931
Books and supplies	1,917,867	74	-	222,973	2,140,914
Services and other operating expenditures	5,549,306	79,647	-	211,281	5,840,234
Capital outlay	741,079	2,847,053	-	79,991	3,668,123
Other outgo	413,524	-	8,209,425	-	8,622,949
Debt service expenditures					
Principal	334,964	-	334,964	-	669,928
Interest	142,439	-	142,439	-	284,878
Total expenditures	<u>29,735,560</u>	<u>2,930,611</u>	<u>8,686,828</u>	<u>2,120,727</u>	<u>43,473,726</u>
Excess (deficiency) of revenues over expenditures	<u>3,287,517</u>	<u>(2,472,727)</u>	<u>(2,918,010)</u>	<u>357,159</u>	<u>(1,746,061)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	7,424	7,424
Operating transfers out	(7,424)	-	-	-	(7,424)
Proceeds from debt issuance	-	25,830,000	-	-	25,830,000
Proceeds from disposal of capital assets	-	-	-	50,000	50,000
Other sources	-	-	3,126,400	-	3,126,400
Other uses	-	-	(85,800)	-	(85,800)
Total other financing sources (uses)	<u>(7,424)</u>	<u>25,830,000</u>	<u>3,040,600</u>	<u>57,424</u>	<u>28,920,600</u>
Net change in fund balances	<u>3,280,093</u>	<u>23,357,273</u>	<u>122,590</u>	<u>414,583</u>	<u>27,174,539</u>
Fund balances, July 1, 2020 - as originally reported	5,588,453	24,050,051	5,944,418	4,621,474	40,204,396
Change in accounting principle (Note 1X)	18,433	-	-	-	18,433
Fund balances, July 1, 2020 - as restated	<u>5,606,886</u>	<u>24,050,051</u>	<u>5,944,418</u>	<u>4,621,474</u>	<u>40,222,829</u>
Fund balances, June 30, 2021	<u>\$ 8,886,979</u>	<u>\$ 47,407,324</u>	<u>\$ 6,067,008</u>	<u>\$ 5,036,057</u>	<u>\$ 67,397,368</u>

SAN BRUNO PARK SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds		\$ 27,174,539
<p>Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:</p>		
<p>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:</p>		
Expenditures for capital outlay	\$ 3,668,125	
Depreciation expense	<u>(2,084,179)</u>	1,583,946
<p>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:</p>		
		3,378,310
<p>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:</p>		
		1,032,037
<p>Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:</p>		
		(26,000,000)
<p>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:</p>		
		(529,570)
<p>Other postemployment benefits (OPEB): In governmental funds, 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 OPEB contributions was:</p>		
		(411,699)
<p>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:</p>		
		3,747,486
<p>Compensated absences in governmental funds are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:</p>		
		31,912
<p>Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.</p>		
		<u>(3,014,887)</u>
Total change in net position - governmental activities		<u>\$ 6,992,074</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

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

B. REPORTING ENTITY

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

The District has a blended component unit, San Bruno Park School District Facilities Financing Authority (the Authority). The Authority was formed to borrow money for the purpose of providing funds to purchase the District's general obligation refunding bonds and to finance the acquisition and construction of public capital improvements. Individual financial statements are not prepared for the Authority. The Authority's financial data is combined with the District's data. The Authority's Lease Revenue Bonds (Taxable Direct Subsidy New Clean Renewable Energy Bonds) are included as long-term debt in the government-wide financial statements.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units. Internal Service Fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the government include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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.

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.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION (CONTINUED)

The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus should the District have any.

D. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

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 specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF ACCOUNTING (CONTINUED)

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, 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 **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the **Special Reserve Fund for Other Than Capital Outlay** and **Special Reserve Fund for Postemployment Benefits**. These funds are not substantially composed of restricted or committed revenue sources and do not meet the definition of a special revenue funds. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in these funds are being reported within the General Fund. Due to the implementation of GASB 84, the **Student Activity Fund** is included within the General Fund and is used to account for assets held by the District on behalf of student groups.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND ACCOUNTING (CONTINUED)

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

- The **Child Development Fund** is used to account for resources committed to child development programs maintained by the District.
- The **Cafeteria Fund** is used to account for revenues received and expenditures made to operate the District's food service programs.
- The **Deferred Maintenance Fund** is used for the purpose of major repair or replacement of district property.

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and other capital assets.

- The **Building Fund** is used to account for the proceeds from the sale of bonds and may not be used for any purpose other than those for which the bonds were issued.
- The **Capital Facilities Fund** is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
- The **Special Reserve Fund for Capital Outlay Projects** exists primarily for the accumulation of General Fund monies for capital outlay purposes.

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

- The **Bond Interest and Redemption Fund** is maintained by the County Treasurer and is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. 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. The District does not have any fiduciary funds.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 governing board 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 governing board satisfied these requirements.

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and major Special Revenue Funds in the financial statements.

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

G. 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.

H. DEPOSITS AND INVESTMENTS

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. INVENTORY

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's central warehouse and cafeteria inventories are valued at average cost using the First-In-First-Out (FIFO) method.

J. PREPAID EXPENDITURES

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred. On the government-wide statements, the District reports unamortized debt issuance cost as prepaid expense, if material.

K. CAPITAL ASSETS

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvements of sites	10-25
Furniture and fixtures	20
Buildings and improvements	25-50
Machinery and equipment	5-15
Vehicles	8-15

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. UNEARNED REVENUE

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

M. INTERFUND BALANCES

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

N. COMPENSATED ABSENCES

All vacation pay plus related payroll taxes is 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.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, 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. At retirement, each classified member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

O. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs are recognized in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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 San Bruno Park 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.

Q. POSTEMPLOYMENT 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.

R. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

S. RESTRICTED NET POSITION

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

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

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. FUND BALANCE

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 District Superintendent or Designee 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. This includes:

Reserve for Economic Uncertainty

The District will maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn causing revenues to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.).

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

The above policy is in place to provide a measure of protection for the District against unforeseen circumstances.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX

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

Humboldt County is responsible for assessing, collecting, and apportioning property taxes which are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll approximately October 1 of each year.

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 revenue limit sources by the District.

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.

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

V. 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.

W. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. Prior to GASB 84 implementation, the District accounted for the Associated Student Body activity as Fiduciary Activities within the Agency Funds, which are now called Custodial Funds. The Associated Student Body activity no longer fit the criteria to be considered Fiduciary Activities. As a result, the Associated Student Body activity will be reported as a governmental activity in a separate resource within the General Fund in the basic financial statements.

Beginning of year net position has been restated as follows:

Net position, July 1, 2020, as originally reported	\$ (9,106,631)
Change in accounting principle	<u>18,433</u>
Net position, July 1, 2020, as restated	<u><u>\$ (9,088,198)</u></u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021 consist of the following:

	Governmental Funds
Cash in County Treasury	\$ 70,164,016
Cash on hand and in banks	18,533
Cash in revolving fund	22,500
Cash with fiscal agent	918
Total	\$ 70,205,967

A. CASH ON HAND AND IN BANKS

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

B. CASH IN REVOLVING FUNDS

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

C. CASH IN COUNTY TREASURY

Cash in San Mateo County Treasury consist of cash deposited in the interest-bearing San Mateo Treasurer's Pooled Surplus Investment Fund. Investments are recorded at cost, which approximates fair value. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. The District's deposits in the Fund are considered to be highly liquid.

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 1.81 years. The pool is rated AAA by Standard and Poor's.

Interest Rate Risk. California Government Code Section 53601 limits the District's investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the District's investments are held in the county treasury.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

3. ACCOUNTS RECEIVABLE

As of June 30, 2021, the accounts receivables were as follows:

Receivables	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
Federal Government	\$ 534,510	\$ -	\$ -	\$ 202,447	\$ 736,957
State Government	641,140	121,268	-	190,188	952,596
Local	16,825	-	13,478	113,375	143,678
Total	<u>\$ 1,192,475</u>	<u>\$ 121,268</u>	<u>\$ 13,478</u>	<u>\$ 506,011</u>	<u>\$ 1,833,232</u>

4. INTERFUND TRANSACTIONS

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

The interfund receivables and payables as of June 30, 2021 are as follows:

	Interfund Receivables	Interfund Payables
Major Fund		
General Fund	\$ 89,150	\$ 7,424
Nonmajor Fund		
Child Development Fund	7,424	70,522
Cafeteria Fund	-	18,628
Total	<u>\$ 96,574</u>	<u>\$ 96,574</u>

Interfund Transfers

As of June 30, 2021, the interfund transfers were as follows:

Transfer from General Fund to Child Development Fund to provide for temporary borrowing.	\$ 7,424
Total Transfers	<u>\$ 7,424</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

5. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions and Transfers	Deletions and Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 598,612	\$ -	\$ -	\$ 598,612
Work in Progress	1,420,671	2,660,371	-	4,081,042
Subtotal	2,019,283	2,660,371	-	4,679,654
Depreciable assets:				
Buildings	28,000,552	-	-	28,000,552
Improvement of sites	31,090,262	266,674	-	31,356,936
Equipment	3,677,102	741,080	-	4,418,182
Subtotal	62,767,916	1,007,754	-	63,775,670
Totals, at cost	64,787,199	3,668,125	-	68,455,324
Less accumulated depreciation:				
Buildings	(13,649,577)	(739,664)	-	(14,389,241)
Improvement of sites	(20,556,835)	(1,206,070)	-	(21,762,905)
Equipment	(3,229,530)	(138,445)	-	(3,367,975)
Total accumulated depreciation	(37,435,942)	(2,084,179)	-	(39,520,121)
Depreciable assets, net	25,331,974	(1,076,425)	-	24,255,549
Capital assets, net	\$ 27,351,257	\$ 1,583,946	\$ -	\$ 28,935,203

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,214,163
Instructional Library, Media, and Technology	512,219
All Other Pupil Services	534
Plant Services	357,263
Total Depreciation	<u>\$ 2,084,179</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

6. LONG TERM LIABILITIES

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021, is shown below:

Long-term Liabilities	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
General Obligation Bonds	\$ 31,174,563	\$26,000,000	\$ 3,043,310	\$ 54,131,253	\$ 4,811,673
Accreted Interest	11,639,452	1,060,472	2,092,509	10,607,415	-
Lease Revenue Bonds	2,820,000	-	335,000	2,485,000	340,000
Net Pension Liabilities	28,303,616	911,340	-	29,214,956	-
Net OPEB Obligation	7,168,725	-	1,818,173	5,350,552	-
Compensated Absences	133,930	-	31,912	102,018	-
Total	<u>\$ 81,240,286</u>	<u>\$27,971,812</u>	<u>\$ 7,320,904</u>	<u>\$ 101,891,194</u>	<u>\$ 5,151,673</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. Payments on the lease revenue bonds are made by the General Fund from local revenues. Compensated absences, net pension obligations and OPEB obligations will be paid by the fund for which the employee worked.

GENERAL OBLIGATION BONDS

Through elections, the District received authorization to issue general obligation bonds that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In April 1998, the voters of the District authorized the District to sell \$30,000,000 of General Obligation Bonds. On August 1, 1998, the District sold \$4,621,060 of capital appreciation serial bonds. On August 1, 2000, the District sold \$3,700,000 of current interest serial bonds and \$4,299,644 of capital appreciation serial bonds. On August 1, 2002, the District sold \$3,040,000 of current interest serial bonds and \$3,844,190 of capital appreciation bonds. The bonds represent general obligation of the District payable solely from the proceeds of an Ad Valorem property tax.

On November 6, 2018, the District's voters approved a new bond measure, Measure X, for up to \$79 million in bonds. On February 21, 2019, the District issued \$25,000,000 in 2018 General Obligation Bonds, Series 2019 A, with an interest rate of 4%. The net proceeds were \$26,372,949 (after payment of \$249,250 for cost of issuance and premium of \$1,622,199).

On November 10, 2020, the District issued \$26,000,000 in 2018 General Obligation Bonds, Series 2020 B, with an interest rate of 4%. The net proceeds were \$28,871,900 (after payment of \$254,500 for cost of issuance and premium of \$3,126,400).

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

6. LONG TERM LIABILITIES (CONTINUED)

LEASE REVENUE BONDS

On July 15, 2011, the District issued Lease Revenue Bonds, Series 2011 (the "Bonds") totaling \$5,310,000. Pursuant to the terms of a Tax Certificate, executed by the San Bruno Park School Facilities Financing Authority (the "Issuer") and dated the date of issuance of the Bonds, the Bonds have been irrevocably designated by the Issuer as "New Clean Renewable Energy Bonds," in accordance with Sections 54C of the Internal Revenue Code of 1986. The bonds were issued to provide funding for the construction of solar energy projects at some of the District's school facilities. The Bonds bear interest at 5.37%, mature through July 15, 2027, and are eligible for partial subsidy payments on the interest due from the US Department of the Treasury.

The following schedule summarizes District's outstanding Principal Bonds as of June 30, 2021:

Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds July 1, 2020	Additions/ Accretion	Redeemed	Bonds June 30, 2021
Bonds								
1998A CAB	1998	2024	5.1-5.3%	\$ 4,621,060	\$ 1,505,613	\$ -	\$ 408,370	\$ 1,097,243
1998B CAB	2000	2026	5.6-5.94%	4,299,644	2,288,647	-	295,175	1,993,472
1998C CAB	2002	2027	4.97-5.64%	3,844,189	2,380,303	-	244,765	2,135,538
2011 LRB	2011	2028	5.37%	5,310,000	2,820,000	-	335,000	2,485,000
2018A GOB	2018	2048	4.00%	25,000,000	25,000,000	-	2,095,000	22,905,000
2018B GOB	2020	2051	0.27%-4.0%	26,000,000	-	26,000,000	-	26,000,000
Subtotal Principal Bonds				69,074,893	33,994,563	26,000,000	3,378,310	56,616,253
Accreted Interest								
1998A CAB					2,862,122	233,705	894,833	2,200,994
1998B CAB					4,804,916	440,453	710,404	4,534,965
1998C CAB					3,972,414	386,315	487,272	3,871,457
Subtotal Accreted Interest					11,639,452	1,060,472	2,092,509	10,607,415
2018 A GOB	2018			1,622,199	1,568,126	-	54,073	1,514,053
2018 B GOB	2020			3,126,400	-	3,126,400	57,440	3,068,959
Unamortized Bond Premium				4,748,599	1,568,126	3,126,400	111,513	4,583,012
Total Bonds				\$ 73,823,492	\$ 47,202,141	\$ 30,186,872	\$ 5,582,332	\$ 71,806,680

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

6. LONG TERM LIABILITIES (CONTINUED)

The following is a summary of the District's annual debt service requirements as of June 30, 2021:

Year Ending June 30	Principal	Interest to Maturity	Total
2022	\$ 5,151,673	\$ 4,501,546	\$ 9,653,219
2023	2,064,322	4,397,321	6,461,643
2024	1,170,981	4,525,361	5,696,342
2025	1,193,522	4,642,178	5,835,700
2026	1,179,484	4,726,606	5,906,090
2027-2031	1,881,271	10,791,017	12,672,288
2032-2036	2,660,000	9,066,050	11,726,050
2037-2041	7,125,000	8,113,550	15,238,550
2042-2046	12,045,000	6,110,125	18,155,125
2047-2051	15,720,000	2,906,800	18,626,800
2052-2053	6,425,000	264,500	6,689,500
Total Debt Service	<u>\$ 56,616,253</u>	<u>\$ 60,045,054</u>	<u>\$ 116,661,307</u>

The following is a summary of the credit to be received over the life of the lease revenue bonds:

Year Ending June 30	Credit to Maturity
2022	\$ 85,562
2023	72,904
2024	60,060
2025	47,032
2026	33,818
2027-2028	27,258
Total Credit to Maturity	<u>\$ 326,634</u>

SAN BRUNO PARK SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. 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, 2021, 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	20.700%	20.700%	16.15%	16.15%

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. 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, 2021, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	CalPERS	STRS	Total
Contributions - employer	\$ 974,055	\$ 1,659,398	\$ 2,633,453
On behalf contributions - state	-	1,082,299	1,082,299
Total	\$ 974,055	\$ 2,741,697	\$ 3,715,752

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

As of June 30, 2021, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 10,663,454
STRS	18,551,502
Total Net Pension Liability	\$ 29,214,956

SAN BRUNO PARK SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. 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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

Measurement Dates	Fiscal Year	CalPERS	STRS
June 30, 2019	2019-20	0.03514%	0.02002%
June 30, 2020	2020-21	0.03475%	0.01914%
Change - Increase (Decrease)		<u>-0.00038%</u>	<u>-0.00087%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$3,747,483. At June 30, 2021, 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	\$ 974,055	\$ -	\$ 2,741,697	\$ -	\$ 3,715,752	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2019-20	247,524	98,769	183,927	368,887	431,451	467,656
Changes of Assumptions	510,801	-	6,201,759	-	6,712,560	-
Differences between Expected and Actual Experience	932,919	-	120,899	1,238,740	1,053,818	1,238,740
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	45,960	163,543	396,457	967,616	442,417	1,131,159
Net differences between projected and actual investment earnings on pension plan investments	210,924	-	-	438,034	210,924	438,034
Total	<u>\$ 2,922,183</u>	<u>\$ 262,312</u>	<u>\$ 9,644,739</u>	<u>\$ 3,013,277</u>	<u>\$ 12,566,922</u>	<u>\$ 3,275,589</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. 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 fiscal year ended June 30, 2022. Other amounts reported as deferred inflows and outflows 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
2022	\$ 848,184	\$ 620,011	\$ 1,468,195
2023	527,371	767,913	1,295,284
2024	246,685	1,110,430	1,357,115
2025	63,575	870,915	934,490
2026	-	410,952	410,952
Thereafter	-	109,545	109,545
Total	\$ 1,685,815	\$ 3,889,766	\$ 5,575,581

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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.

STRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. STRS 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 STRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Discount Rate

CalPERS

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

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Asset Class	CalPERS		
	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%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases actuarially determined. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the 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 assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from STRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, STRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of the June 30, 2020 measurement date, are summarized in the following table:

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return ^(a)
Public Equity	42.0%	4.80%
Real Estate	15.0%	3.60%
Private Equity	13.0%	6.30%
Fixed Income	12.0%	1.30%
Risk Mitigating Strategies	10.0%	1.80%
Inflation Sensitive	6.0%	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)	\$ 15,330,659	\$ 10,663,454	\$ 6,789,907

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	\$ 28,028,735	\$ 18,551,502	\$ 10,726,711

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 available on the CalPERS' and STRS' websites.

Payable to the Pension Plan

As of June 30, 2021, the District had no outstanding required contributions to the pension plans.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description. The District’s Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees.

Benefits provided. See chart below:

	Certificated	Certificated Management	Classified	Classified Management and Confidential
Benefit types provided	Medical and dental	Medical, dental and vision	Medical and dental **	Medical, dental and vision
Duration of Benefits	10 years*	10 years but not beyond age 67	5 years but not beyond age 65	10 years but not beyond age 67
Required Service	10 years	10 years	10 years	10 years
Minimum Age	55	55	50	55
Dependent Coverage	No	No	Yes**	Yes
District Contribution %	100%	100%	100%	100%
District Cap	None	Capped after 5 years of benefits	None	None

* But not beyond the earlier of the retiree's Medicare eligibility or age 67

** Choice of two-party medical or single medical and dental

Contributions. The District makes contributions based on an actuarially determined rate and are approved by the authority of the District’s Board. Total contributions to the OPEB plan during the year were and total benefit payments included in the measurement period were \$335,396. The actuarially determined contribution for the measurement period was \$475,521. The District’s contributions were 2% of payroll during the measurement period June 30, 2021 (reporting period June 30, 2021). Employees are not required to contribute to the plan.

Employees covered by benefit terms. As of the June 30, 2020 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	123
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	224
Total	<u>347</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Net OPEB Liability

The District's Net OPEB Liability was measured as of June 30, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Actuarial cost method	Entry Age, Level Percent of Pay
Inflation rate	2.50%
Investment return/discount rate	3.49% per year, net of expenses, based on the Bond Buyer 20 Index
Healthcare cost trend rate	4.00%
Payroll increases	2.75%
Mortality	
Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	7.25%
Fixed Income	50%	4.25%
Total	<u>100%</u>	

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 11,267,459	\$ 4,098,734	\$ 7,168,725
Changes for the year:			
Service cost	731,403	-	731,403
Interest	276,318	-	276,318
Differences between expected and actual experience	-	245,194	(245,194)
Changes of benefit terms	-	-	-
Changes of assumptions	(1,707,535)	-	(1,707,535)
Contributions - employer	-	335,396	(335,396)
Net investment income	-	562,093	(562,093)
Benefit payments	(335,396)	(335,396)	-
Administrative expense	-	(24,324)	24,324
Net changes	(1,035,210)	782,963	(1,818,173)
Balances at June 30, 2021	<u>\$ 10,232,249</u>	<u>\$ 4,881,697</u>	<u>\$ 5,350,552</u>

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.49%)	Discount Rate (3.49%)	1% Increase (4.49%)
Net OPEB liability (asset)	\$ 6,910,716	\$ 5,350,552	\$ 4,203,691

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:

	1% Decrease	Trend Rate (4.00%)	1% Increase
Net OPEB liability (asset)	\$ 3,760,092	\$ 5,350,552	\$ 7,297,780

OPEB plan fiduciary net position. The Plan has \$4,881,697 in fiduciary plan assets.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$411,699. At June 30, 2021, the District reported deferred outflows of resources or deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 552,040
Changes of assumptions or other inputs	792,501	-
Differences between projected and actual return on OPEB plan investments	-	429,202
Contributions made subsequent to measurement date	-	-
Total	\$ 792,501	\$ 981,242

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

Year ended June 30	Total Deferred Outflows/ (Inflows) of Resources
2022	\$ (39,756)
2023	(39,753)
2024	(34,398)
2025	(44,791)
2026	67,626
Thereafter	(97,669)
Total	\$ (188,741)

Payable to the OPEB Plan

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the fiscal year ended June 30, 2021.

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.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

9. FUND BALANCES (CONTINUED)

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Totals
Nonspendable:					
Revolving cash	\$ 20,500	\$ -	\$ -	\$ 2,000	\$ 22,500
Prepaid expenses	406,722	-	-	-	406,722
Stores	-	-	-	26,775	26,775
Total Nonspendable	<u>427,222</u>	<u>-</u>	<u>-</u>	<u>28,775</u>	<u>455,997</u>
Restricted for:					
State Learning Loss Mitigation Funds					
Food Program	57,592	-	-	-	57,592
Child Development: Coronavirus Response and Relief Supplemental	-	-	-	14,333	14,333
Child Development: Center-Based Reserve Account	-	-	-	38,263	38,263
Child Development: Facilities Renovation and Repair	-	-	-	1	1
Student Activity Funds	18,434	-	-	-	18,434
Lottery: Instructional Materials	317,682	-	-	-	317,682
Medi-Cal Billing Option	31,618	-	-	-	31,618
Classified School Employee Professional Dev't Block Grant	15,725	-	-	-	15,725
Low-Performing Students Block Grant	12,447	-	-	-	12,447
Child Nutrition: School Programs	-	-	-	352,865	352,865
Bond Projects	-	47,407,324	-	-	47,407,324
Debt Repayments	-	-	6,067,008	-	6,067,008
Expanded Learning Opportunities (ELO) Grant	725,915	-	-	-	725,915
Other Restricted Local	1,384,640	-	-	3,772,317	5,156,957
Total Restricted	<u>2,564,053</u>	<u>47,407,324</u>	<u>6,067,008</u>	<u>4,177,779</u>	<u>60,216,164</u>
Assigned to:					
Board Reserve (7% -12%)	1,189,922	-	-	-	1,189,922
Technology	200,000	-	-	-	200,000
Maint. & Repairs (Def. Maint.)	50,000	-	-	-	50,000
Special Ed COVID-19 Reserve	500,000	-	-	-	500,000
Other Assignments	-	-	-	829,503	829,503
Total Assigned	<u>1,939,922</u>	<u>-</u>	<u>-</u>	<u>829,503</u>	<u>2,769,425</u>
Unassigned:					
Economic uncertainties	1,754,977	-	-	-	1,754,977
Unassigned/Unappropriated	2,200,805	-	-	-	2,200,805
Total Unassigned	<u>3,955,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,955,782</u>
Total Fund Balances	<u>\$ 8,886,979</u>	<u>\$47,407,324</u>	<u>\$ 6,067,008</u>	<u>\$ 5,036,057</u>	<u>\$67,397,368</u>

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

10. JOINT VENTURES

The District participates in one joint venture under a joint powers agreement (JPA), with the San Mateo County Schools Insurance Group, for Property & Liability, Workers' Compensation and Medical/Dental.

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

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The following is a summary of the most recent financial information for the JPA:

	SMCSIG June 30, 2021
Total assets	\$ 43,493,537
Total deferred outflows of resources	351,596
Total liabilities	20,279,678
Total deferred inflows of resources	47,791
Net position	\$ 23,517,664
Total revenues	\$ 43,521,834
Total expenses	40,112,140
Change in net position	\$ 3,409,694

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

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

11. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

During the normal course of business, the District may be exposed to various claims and litigation. Based on consultation with legal counsel, management believes that there were no significant litigation related matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2021.

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 evaluated its June 30, 2021 financial statements for subsequent events through January 31, 2022, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than the one discussed above, that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAN BRUNO PARK 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, 2021

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
LCFF sources	\$ 26,606,220	\$ 26,133,903	\$ 26,133,902	\$ (1)
Federal revenue	1,017,716	2,133,100	2,133,101	1
Other state revenues	2,063,725	3,204,316	3,199,769	(4,547)
Other local revenues	1,862,146	1,551,803	1,556,305	4,502
Total revenues	31,549,807	33,023,122	33,023,077	(45)
EXPENDITURES				
Certificated salaries	9,244,365	10,295,875	10,295,875	-
Classified salaries	4,105,421	3,837,711	3,837,711	-
Employee benefits	6,432,265	6,502,795	6,502,795	-
Books and supplies	997,773	1,917,867	1,917,867	-
Services and other operating expenditures	5,823,542	5,549,352	5,549,306	46
Capital outlay	1,041,128	741,079	741,079	-
Other outgo	1,043,539	890,927	890,927	-
Total expenditures	28,688,033	29,735,606	29,735,560	46
Excess (deficiency) of revenues over expenditures	2,861,774	3,287,516	3,287,517	1
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(216,129)	(7,424)	(7,424)	-
Total other financing sources (uses)	(216,129)	(7,424)	(7,424)	-
Net change in fund balances	2,645,645	3,280,092	3,280,093	1
Fund balances, July 1, 2020	5,606,886	5,606,886	5,606,886	-
Fund balances, June 30, 2021	\$ 8,252,531	\$ 8,886,978	\$ 8,886,979	\$ 1

SAN BRUNO PARK SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Actuarially determined contribution	\$ 335,396	\$ 475,521	\$ 352,565	\$ 308,121
Contributions in relation to the actuarially required contribution	\$ (335,396)	\$ (312,061)	\$ (306,077)	\$ (294,305)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 163,460</u>	<u>\$ 46,488</u>	<u>\$ 13,816</u>
Covered payroll	\$ 14,015,334	\$ 15,736,002	\$ 15,314,844	\$ 14,904,958
Contributions as a percentage of covered payroll	2.39%	1.98%	2.00%	1.97%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the fourth year of implementation, only results for fiscal years 2018 through 2021 are shown in this table.

SAN BRUNO PARK SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Total OPEB liability				
Service cost	\$ 731,403	\$ 623,452	\$ 570,059	\$ 554,802
Interest	276,318	350,176	314,166	312,679
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(707,546)	-	-
Changes of assumptions or other inputs	(1,707,535)	2,714,737	298,397	-
Benefit payments	(335,396)	(312,061)	(306,077)	(294,305)
Net change in total OPEB liability	<u>(1,035,210)</u>	<u>2,668,758</u>	<u>876,545</u>	<u>573,176</u>
Total OPEB liability - beginning	<u>11,267,459</u>	<u>8,598,701</u>	<u>7,722,156</u>	<u>7,148,980</u>
Total OPEB liability - ending (a)	<u>\$ 10,232,249</u>	<u>\$ 11,267,459</u>	<u>\$ 8,598,701</u>	<u>\$ 7,722,156</u>
Plan fiduciary net position				
Contributions - employer	\$ 335,396	\$ 312,061	\$ 306,077	\$ 294,305
Net investment income	807,287	183,513	177,290	241,116
Benefit payments	(335,396)	(312,061)	(306,077)	(294,305)
Other	-	-	-	(15,524)
Administrative expense	(24,324)	(19,568)	(9,386)	(9,302)
Net change in plan fiduciary net position	<u>782,963</u>	<u>163,945</u>	<u>167,904</u>	<u>216,290</u>
Plan fiduciary net position - beginning	<u>4,098,734</u>	<u>3,934,789</u>	<u>3,766,885</u>	<u>3,550,595</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,881,697</u>	<u>\$ 4,098,734</u>	<u>\$ 3,934,789</u>	<u>\$ 3,766,885</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 5,350,552</u>	<u>\$ 7,168,725</u>	<u>\$ 4,663,912</u>	<u>\$ 3,955,271</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.7%	36.4%	45.8%	48.8%
Covered payroll	\$ 14,015,334	\$ 15,736,002	\$ 15,314,844	\$ 14,904,958
District's net OPEB liability as a percentage of covered payroll	38.2%	45.6%	30.5%	26.5%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the fourth year of implementation, only results for fiscal years 2018 through 2021 are shown in this table.

SAN BRUNO PARK SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.02846%	0.02889%	0.03050%	0.03626%	0.03479%	0.03514%	0.03475%
Proportionate share of the net pension liability (asset)	\$ 3,230,912	\$ 4,257,844	\$ 6,024,033	\$ 8,657,063	\$ 9,276,356	\$ 10,240,486	\$ 10,663,454
Covered payroll ⁽²⁾	\$ 2,904,095	\$ 3,177,454	\$ 3,121,486	\$ 4,135,117	\$ 3,945,870	\$ 4,457,446	\$ 6,287,077
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%	169.61%
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%	70.00%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 341,841	\$ 376,433	\$ 433,512	\$ 642,225	\$ 712,703	\$ 879,053	\$ 1,301,425
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⁾	June 30, 2020⁽¹⁾
Proportion of the net pension liability (asset)	0.02051%	0.02060%	0.01955%	0.01931%	0.01961%	0.02002%	0.01914%
Proportionate share of the net pension liability (asset)	\$ 11,985,541	\$ 13,867,087	\$ 15,814,595	\$ 17,857,053	\$ 18,024,775	\$ 18,078,442	\$ 18,551,502
Covered payroll ⁽²⁾	\$ 8,487,185	\$ 7,911,957	\$ 8,311,590	\$ 8,921,684	\$ 9,253,397	\$ 10,243,263	\$ 11,603,591
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%	159.88%
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%	71.82%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 753,662	\$ 848,953	\$ 1,045,598	\$ 1,287,399	\$ 1,506,453	\$ 1,751,598	\$ 1,873,980

⁽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.

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 341,841	\$ 376,433	\$ 433,512	\$ 642,225	\$ 712,703	\$ 879,053	\$ 1,301,425
Contributions in relation to the contractually required contribution ⁽²⁾	(394,732)	(450,249)	(638,644)	(724,095)	(878,876)	(990,779)	(974,055)
Contribution deficiency (excess)	<u>\$ (52,891)</u>	<u>\$ (73,816)</u>	<u>\$ (205,132)</u>	<u>\$ (81,870)</u>	<u>\$ (166,173)</u>	<u>\$ (111,726)</u>	<u>\$ 327,370</u>
Covered payroll ⁽³⁾	\$ 2,904,095	\$ 3,177,454	\$ 3,121,486	\$ 4,135,117	\$ 3,945,870	\$ 4,457,446	\$ 6,287,077
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%
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⁾	Fiscal Year 2020-21 ⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 753,662	\$ 848,953	\$ 1,045,598	\$ 1,287,399	\$ 1,506,453	\$ 1,751,598	\$ 1,873,980
Contributions in relation to the contractually required contribution ⁽²⁾	(846,725)	(1,051,307)	(1,287,399)	(1,505,850)	(1,746,946)	(1,807,384)	(1,659,398)
Contribution deficiency (excess)	<u>\$ (93,063)</u>	<u>\$ (202,354)</u>	<u>\$ (241,801)</u>	<u>\$ (218,451)</u>	<u>\$ (240,493)</u>	<u>\$ (55,786)</u>	<u>\$ 214,582</u>
Covered payroll ⁽³⁾	\$ 8,487,185	\$ 7,911,957	\$ 8,311,590	\$ 8,921,684	\$ 9,253,397	\$ 10,243,263	\$ 11,603,591
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%

(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.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES

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

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 Changes in the District’s Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the fourth year of implementation, only results for fiscal years 2018 through 2021 are shown in this table.

Changes in Assumptions

The discount rate changed from 2.41% to 3.49%.

Changes in Benefit Terms

There were no changes to the benefit terms.

C - 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 seven years are shown.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (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 seven years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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

SAN BRUNO PARK SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
ASSETS						
Cash and cash equivalents	\$ 81,961	\$ 218,589	\$ 959	\$ 740,254	\$ 4,387,826	\$ 5,429,589
Accounts receivable	299,345	202,447	-	4,219	-	506,011
Due from other funds	7,424	-	-	-	-	7,424
Stores inventory	-	26,775	-	-	-	26,775
Total Assets	<u>\$ 388,730</u>	<u>\$ 447,811</u>	<u>\$ 959</u>	<u>\$ 744,473</u>	<u>\$ 4,387,826</u>	<u>\$ 5,969,799</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 91,698	\$ 36,683	\$ -	\$ 4,315	\$ 19,267	\$ 151,963
Due to other funds	70,522	18,628	-	-	-	89,150
Unearned revenue	92,629	-	-	-	600,000	692,629
Total Liabilities	<u>254,849</u>	<u>55,311</u>	<u>-</u>	<u>4,315</u>	<u>619,267</u>	<u>933,742</u>
Fund balances						
Nonspendable	-	28,775	-	-	-	28,775
Restricted	133,381	352,865	-	724,222	2,967,311	4,177,779
Assigned	500	10,860	959	15,936	801,248	829,503
Total Fund Balances	<u>133,881</u>	<u>392,500</u>	<u>959</u>	<u>740,158</u>	<u>3,768,559</u>	<u>5,036,057</u>
Total liabilities and fund balances	<u>\$ 388,730</u>	<u>\$ 447,811</u>	<u>\$ 959</u>	<u>\$ 744,473</u>	<u>\$ 4,387,826</u>	<u>\$ 5,969,799</u>

SAN BRUNO PARK SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

ALL NON-MAJOR FUNDS

JUNE 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
REVENUES						
Federal revenue	\$ 14,333	\$ 692,478	\$ -	\$ -	\$ -	\$ 706,811
Other state revenues	1,112,431	62,232	-	-	-	1,174,663
Other local revenues	313,204	34,975	9	210,733	37,491	596,412
Total revenues	1,439,968	789,685	9	210,733	37,491	2,477,886
EXPENDITURES						
Certificated salaries	55,242	-	-	-	-	55,242
Classified salaries	881,357	192,708	-	-	2,938	1,077,003
Employee benefits	388,327	85,011	-	-	899	474,237
Books and supplies	58,254	164,645	-	-	74	222,973
Services and other operating expenditures	47,565	31,557	-	7,147	125,012	211,281
Capital outlay	-	-	-	-	79,991	79,991
Total expenditures	1,430,745	473,921	-	7,147	208,914	2,120,727
Excess (deficiency) of revenues over expenditures	9,223	315,764	9	203,586	(171,423)	357,159
OTHER FINANCING SOURCES (USES)						
Operating transfers in	7,424	-	-	-	-	7,424
Proceeds from disposal of capital assets	-	-	-	-	50,000	50,000
Total other financing sources (uses)	7,424	-	-	-	50,000	57,424
Net change in fund balances	16,647	315,764	9	203,586	(121,423)	414,583
Fund balances, July 1, 2020	117,234	76,736	950	536,572	3,889,982	4,621,474
Fund balances, June 30, 2021	\$ 133,881	\$ 392,500	\$ 959	\$ 740,158	\$ 3,768,559	\$ 5,036,057

SAN BRUNO PARK SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2021

The San Bruno Park School District (The “District”) was established in 1907. The District serves approximately 2,300 students and is located in San Mateo County, California. There were no changes in the boundaries of the District during the current fiscal year. During the year the District operated five K-5 elementary schools and one 6-8 middle school.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Teri L. Chavez	Representative	2022
Henry Sanchez MD	Member At Large	2022
Aдриanna Shea	Vice President	2024
Jennifer M. Blanco	Clerk	2024
Andrew T. Mason	President	2022

ADMINISTRATION

Jose A. Espinoza
Superintendent

Mariana Solomon.
Associate Superintendent, Business Services/Chief Business Official

OPEN
Assistant Superintendent, Education Services

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Grade Level	Instructional Days	Status
Kindergarten	180	In compliance
Grade 1	180	In compliance
Grade 2	180	In compliance
Grade 3	180	In compliance
Grade 4	180	In compliance
Grade 5	180	In compliance
Grade 6	180	In compliance
Grade 7	180	In compliance
Grade 8	180	In compliance

SAN BRUNO PARK SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR FISCAL YEAR ENDED JUNE 30, 2021

Charter School ID Number	Charter Schools Chartered by the District	Included in the District Financial Statements, or Separate Report
-----------------------------	--	--

There are currently no charter schools chartered by the District.

SAN BRUNO PARK SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Reserve Fund for Capital Outlay Projects
FUND BALANCE	
Balance, June 30, 2021, Unaudited Actuals	\$ 4,368,559
Increase in:	
Unearned revenue	<u>600,000</u>
Balance, June 30, 2021, Audited Financial Statements	<u><u>\$ 3,768,559</u></u>

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Assistance Listing Number	Grantor and Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
<u>Special Education Cluster (IDEA)</u>			
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 480,380
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	(2,826)
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	9
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619 (Age3-4-5)	13430	15,273
	Subtotal Special Education Cluster (IDEA)		<u>492,836</u>
<u>Education Stabilization Fund (ESF) Cluster</u>			
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund	15536	36,649
84.425C	Governor's Emergency Education Relief (GEER) Fund:		
	Learning Loss Mitigation	15517	8,665
	Subtotal Education Stabilization Fund (ESF) Cluster		<u>45,314</u>
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	222,466
84.367	ESSA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	68,501
84.365	ESSA: Title III, English Learner Student Program	14346	75,444
	Total U.S. Department of Education		<u>904,561</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: Meal Supplements in National School Lunch Program	13755	688,450
	Total Cash Assistance Subtotal		<u>688,450</u>
10.555	School Lunch Program - Nonmonetary Assistance	13755	4,028
	Total Non-Cash Assistance Subtotal		<u>4,028</u>
	Total U.S. Department of Agriculture		<u>692,478</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education</i>			
93.575	Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	15555	14,333
<i>Passed through San Mateo County Office of Education</i>			
93.778	Medi-Cal Administrative Activities (MAA)	10060	92,510
	Total U.S. Department of Health and Human Services		<u>106,843</u>
<u>U.S. Department of the Treasury</u>			
<i>Passed through California Department of Education</i>			
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation	25516	* 1,136,030
	Total U.S. Department of the Treasury		<u>1,242,873</u>
Total Federal Programs			<u>\$ 2,839,912</u>

* Tested as major program.

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Adopted Budget 2021/2022	Actuals 2020/2021	Actuals 2019/2020	Actuals 2018/2019
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 31,549,807	\$ 33,023,077	\$ 31,997,532	\$ 32,151,496
Expenditures	29,419,936	29,735,560	30,800,118	31,640,222
Other Uses and Transfers Out	216,129	7,424	164,070	-
Total Outgo	29,636,065	29,742,984	30,964,188	31,640,222
Change in Fund Balance	1,913,742	3,280,093	1,033,344	511,274
Other Restatements *	-	18,433	-	-
Ending Fund Balance	\$ 10,800,721	\$ 8,886,979	\$ 5,588,453	\$ 4,555,109
Available Reserves **	\$ 5,392,271	\$ 3,955,782	\$ 1,286,526	\$ 2,248,116
Designated for Economic Uncertainties	\$ 877,535	\$ 1,754,977	\$ 924,004	\$ 949,207
Undesignated Fund Balance	\$ 4,514,736	\$ 2,200,805	\$ 362,522	\$ 1,298,909
Available Reserves as a Percentage of Total Outgo	18.2%	13.3%	4.2%	7.1%
<u>All Funds</u>				
Total Long-Term Debt	\$ 96,739,521	\$ 101,891,194	\$ 81,240,286	\$ 81,759,066
Actual Daily Attendance at P-2	2,328	2,328	2,329	2,512

The general fund balance has increased by \$4,824,711 over the past three years. The fiscal year 2021-2022 budget projects an increase of \$1,913,742. 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 had an operating surplus in each of the past three fiscal years.

Total long-term liabilities have increased by \$20,132,128 over the past two years due to the increases in the net pension and net OPEB liabilities and the issuance of the General Obligation Bonds.

Average Daily Attendance (ADA) has decreased by 184 over the past two years. The District does not anticipate any significant changes in the fiscal year 2021-2022.

* The District implemented GASB 84 in relation to its Associated Student Body activities, which are previously considered Fiduciary Activities. The District elected to include the activities in its General Fund.

** Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

SAN BRUNO PARK SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. 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).

2. Schedule of Charter Schools

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

3. 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.

4. 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 July 2021 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) and the 2021 Compliance Supplement Addendum require 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.

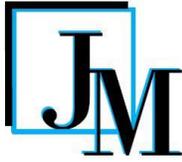
5. Schedule of Financial Trends and Analysis

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.

6. Early Retirement Incentive Program

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased to two years.

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
 San Bruno Park School District
 San Bruno, California

Report on Compliance for Each State Program

We have audited the compliance of San Bruno Park School District (the “District”) with the types of compliance requirements described in the State of California’s 2020-21 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 fiscal year ended June 30, 2021.

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 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes

Local Education Agencies Other Than Charter Schools

Description	Procedures Performed
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	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	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

Charter Schools

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

We did not perform any procedures related to Early Retirement Incentive, Apprenticeship: Related and Supplemental Instruction, and District of Choice because the District did not offer these programs.

We did not perform any procedures related to California Clean Energy Jobs Act because the District already submitted the final project completion in the previous year.

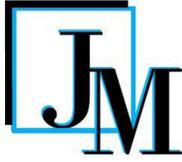
We did not perform any procedures related to Independent Study-Course Based, Attendance, Mode of Instruction, Nonclassroom-Based Instruction/Independent Study, Determination of Funding for Nonclassroom-Based Instruction, and Charter School Facility Grant Program for Charter Schools because District did not have a charter school.

Opinion on Compliance with State Laws and Regulations

In our opinion, San Bruno Park School District complied, in all material respects, with the state laws and regulations referred to above for the fiscal year ended June 30, 2021.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 31, 2022



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
San Bruno Park School District
San Bruno, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Bruno Park School District (the "District"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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.

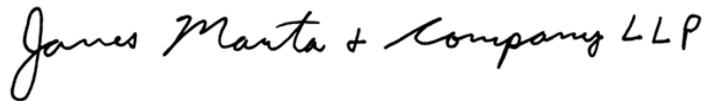
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 31, 2022



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
San Bruno Park School District
San Bruno, California

Report on Compliance for Each Major Federal Program

We have audited San Bruno Park School District's (the "District") compliance with the types of compliance requirements described in the July 2021 Edition of the *OMB Compliance Supplement* and the 2021 Compliance Supplement Addendum that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2021. 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 July 2021 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* and the 2021 Compliance Supplement Addendum. 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 fiscal year ended June 30, 2021.

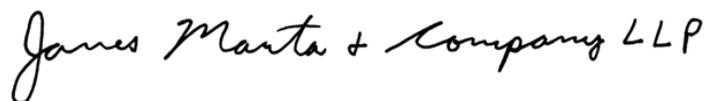
Report on Internal Control Over Compliance

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
January 31, 2022

FINDINGS AND RECOMMENDATION

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	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 the Uniform Guidance Section 200.516(a) _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u> 21.019	<u>Name of Federal Program or Cluster</u> Coronavirus Relief Fund (CRF): Learning Loss Mitigation
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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	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None reported

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

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

No matters were reported.

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section IV – State Award Findings and Questioned Costs

No matters were reported.

SAN BRUNO PARK SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2020-002 – Classroom Teacher Salaries (61000)

Criteria or Specific Requirements

California Education Code section 41372 requires that elementary school districts with ADA of at least 101 in the previous fiscal year, must have 60% of its current cost of education expended for classroom compensation.

Condition

The District's current cost of education expended for classroom compensation was 53% for the fiscal year ended June 30, 2020. The District's current expense of education for June 30, 20 was \$26,947,015 which left the District deficient by \$1,813,534.

Recommendation

The District should continue to monitor this ratio in its future budgets and plan accordingly in order to meet the 60% base requirement.

Status

Implemented.