Financial Statements
June 30, 2022

Washington Unified School District

Independent Auditor's Report

To the Governing Board
Washington Unified School District
Fresno, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Unified School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Washington Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the Washington Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Washington Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Washington Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Unified School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are 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 February 22, 2023 on our consideration of Washington Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fresno, California
February 22, 2023

This section of Washington Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The District was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District and the West Fresno Elementary School District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District (including capital and right-to-use leased assets), deferred outflows, as well as all liabilities (including long-term liabilities), and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Governmental Funds* are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Washington Unified School District.

Randy R. Morris - District Superintendent

Board of Trustees

Terry Ruiz, Area 1 Anna Campbell, Area 2 Mark Aguilar, Area 3 Eddie Ruiz, Area 4

Darrel Carter, Area 5 Henry Hendrix, Area 6 Steven Barra, Area 7

7950 S. Elm Ave., Fresno, CA 93706 **(559) 495-5600** **www.washingtonunified.org**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

The District's financial status continues to display itself as a regular operating school district during the 2021-2022 fiscal year. Prudent budgeting techniques and strategic planning help the District maximize supplemental funds. Staffing patterns continue to be reviewed as the District addresses student program needs, efficiency with the focus on student achievement and the effects of the COVID-19 pandemic.

The District maintained the required three percent reserves and had a surplus of $6,124,453 (excluding activity related to the consolidation of the Special Reserve Non-Capital Fund as required by GASB Statement No. 54). Maintaining reserves above the required three percent is very important to the District and has allowed the District to continue to meet its cash-flow needs.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $6,941,387 for the fiscal year ended June 30, 2022. Of this amount, $7,457,662 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as Restated
Assets		
Current and other assets	$ 40,630,321	$ 44,154,692
Capital and right-to-use leased assets	56,725,421	54,785,793
Total assets	97,355,742	98,940,485
Deferred outflows of resources	7,963,310	9,113,529
Liabilities		
Current liabilities	6,932,155	14,779,054
Long-term liabilities	76,456,571	93,821,316
Total liabilities	83,388,726	108,600,370
Deferred inflows of resources	15,008,387	1,925,117
Net Position		
Net investment in capital assets	24,142,221	22,468,293
Restricted	7,438,214	5,412,459
Unrestricted (deficit)	(24,658,496)	(30,352,225)
Total net position (deficit)	$ 6,921,939	$ (2,471,473)

The $6,941,387 in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $5,693,729.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	$ 88,997	$ 308,536
Operating grants and contributions	12,776,133	12,331,427
Capital grants and contributions	516,517	804,277
General revenues		
Federal and State aid not restricted	28,308,006	26,004,547
Property taxes	8,221,948	6,729,631
Other general revenues	3,975,944	1,594,393
Total revenues	53,887,545	47,772,811
Expenses		
Instruction-related	26,665,807	27,768,072
Pupil services	6,991,591	6,728,791
Administration	3,359,090	3,218,572
Plant services	4,147,066	3,758,668
All other services	3,330,579	2,688,164
Total expenses	44,494,133	44,162,267
Change in net position	$ 9,393,412	$ 3,610,544

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $44,494,133. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $8,221,948 because the cost was paid by those who benefited from the programs of $88,997 or by other governments and organizations who subsidized certain programs with grants and contributions totaling $13,292,650. We paid for the remaining "public benefit" portion of our governmental activities with $28,308,006 in Federal and State funds and with $3,975,944 in other revenues, including interest and general entitlements.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction related services, pupil services, administration, plant services, and all other services. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Net Cost of Services		
	2022	2021*	Variance
Instruction-related	$ (18,725,616)	$ (19,212,254)	$ 486,638
Pupil services	(3,467,043)	(3,313,481)	(153,562)
Administration	(2,709,895)	(2,873,570)	163,675
Plant services	(3,889,439)	(3,081,136)	(808,303)
All other services	(2,320,493)	(2,237,586)	(82,907)
Total	$ (31,112,486)	$ (30,718,027)	$ (394,459)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $33,642,514, which is an increase of $4,266,876 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Funds	July 1, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 7,016,159	$ 49,182,935	$ 46,208,961	$ 9,990,133
Student Activities	346,679	489,250	446,597	389,332
Child Development	70,588	674,146	685,215	59,519
Cafeteria	365,316	1,830,137	1,862,389	333,064
Building	15,437,586	(225,584)	924,556	14,287,446
Capital Facilities	407,666	44,265	80,625	371,306
County School Facilities	804,278	468,936	281,158	992,056
Special Reserve Fund for Capital Outlay Projects	3,675,703	2,298,357	694,574	5,279,486
Bond Interest and Redemption	1,251,663	11,850,309	11,161,800	1,940,172
Total	$ 29,375,638	$ 66,612,751	$ 62,345,875	$ 33,642,514

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 14, 2022. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District budgeted an increase in the General Fund balance of $3,574,764. While revenues and other sources were $600,757 less than budgeted, expenditures and other uses were $33 more than budgeted, leaving the fund with an increase of $2,973,974.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

At June 30, 2022, the District had $56,725,421 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization expenses), including land, buildings, furniture, and equipment (Table 4).

Table 5

	Governmental Activities	
	2022	2021 as Restated
Land and construction in progress	$ 6,322,166	$ 3,085,870
Buildings and improvements	48,044,455	49,000,464
Equipment	2,195,895	2,475,867
Leased assets	162,905	223,592
Total	$ 56,725,421	$ 54,785,793

This year's additions to capital assets include additions for buildings, building improvements, land improvements, equipment, and work in progress for construction projects. We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of this year, the District had $76,456,571 in obligations outstanding. Those obligations consisted of:

Table 6

	Governmental Activities	
	2022	2021 as Restated
Long-Term Liabilities		
General obligation bonds	$ 39,354,000	$ 38,960,000
Certificates of participation	5,500,000	5,870,000
Unamortized premiums/(discounts)	2,409,656	3,296,080
Financed purchases	39,816	74,371
Leases	168,323	232,540
Early retirement liabilities	110,622	165,933
Compensated absences	251,407	272,930
Net other postemployment benefits	11,090,228	12,487,977
Net pension liability	17,532,519	32,461,485
Total	$ 76,456,571	$ 93,821,316

At year-end, the District had a net pension liability of $17,532,519 versus $32,461,485 last year, a decrease of $14,928,966, or 46.0%. The District also reported deferred outflows of resources from pension activities of $6,094,271, and deferred inflows of resources from pension activities of $13,042,178. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

Projects completed include building upgrades and site improvements at the following school sites. American Union Elementary School is completing a feasibility study to supply clean drinking water to the school site and beginning the application for well construction funding. West Fresno Elementary School site has completed a kitchen improvement project and a new roof for the maintenance building. The District began a district-wide HVAC replacement project at all school sites and district office. Washington Union High School has begun a Health Career Technical Education lab and classroom project. At the West Fresno Elementary School, several new projects are starting including parking lot and school site renovation and four additional kindergarten classrooms. West Fresno Middle School will have a new multipurpose/cafeteria project starting in the next school year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget agreement includes $4.32 billion above the statutory cost-of-living adjustment (COLA) of 6.56% for the Local Control Funding Formula (LCFF). The state estimates this investment will increase the LCFF by 13% over 2021-2022 rates. As anticipated, school districts also will benefit from an ongoing provision to allow for the average of three prior years' average daily attendance (ADA) in calculating LCFF apportionments. In addition, local educational agencies (LEAs) that offered, or were exempted from offering, independent study in 2021-2022 may benefit from a one-year ADA mitigation to shield them from attendance declines in the 2021-2022 school year.

Part of the budget agreement provides $7.9 billion of one-time funds to LEAs for the Learning Recovery Emergency Block Grant. Funds will be distributed based on an LEA's 2021-22 ADA for grades TK-12 multiplied by the 2021-2022 unduplicated pupil percentage (UPP). A second block grant will be provided to LEAs for the Arts, Music, and Instructional Materials Discretionary Block Grant. Approximately $3.5 billion will be provided on a per-ADA basis, using reported ADA for 2021-2022. Funding for the state's comprehensive before, after, and summer school program will increase from $1.7 billion in the current year to $4.0 billion ongoing starting in 2022-2023. Eligible LEAs with a prior-year UPP greater than or equal to 75% will receive $2,750 per unduplicated pupil, and those with a UPP below 75% will receive $1,250 per unduplicated pupil. For the first time in many years, the Enacted Budget will include new funds for home-to-school transportation. New ongoing funds of $637 million will be provided, so that school districts and county offices of education will be reimbursed at either their LCFF add-on amount for school transportation plus the annual COLA, or up to 60% of their transportation costs plus the annual COLA.

The District expends one-time money on one-time expenditures that support the District's vision and goals. With the infusion of Elementary and Secondary School Emergency Relief Funds (ESSER), Coronavirus Aid, Relief and Economic Security (CARES) Act Funds and Governor's Emergency Education Relief Funds though the 2023-2024 fiscal years it is important for the District to plan the utilization of these funds for pandemic response and learning recovery. As the funding comes to an end the District will focus on balancing the operational budget to meet the needs of all the students of the District.

Continuing to maintain reserves above the three percent required by the state is very important to the operations and cash-flow of the school district. Careful planning and restraint will allow the District to increase reserves and achieve this goal. The District uses the FCMAT LCFF Calculator to estimate the base grant and supplemental/concentration revenues.

Certificated, classified and management staffing costs are projected at the District approved staffing levels including any negotiated salary increases and projected retirement and health and welfare benefit increases. Expenditures for supplies, services and operating costs are based on prior year spending levels.

The following circumstances which could affect the financial health of the District include:

- Increase to employer contributions to CalSTRS and CalPERS
- Increase to minimum wage
- Increasing health care costs
- Average Daily Attendance rates
- Student enrollment
- Housing availability and construction
- Inflationary cost increases
- Interest rate increases and recessionary anticipations

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Washington Unified School District.

Chris M. Vaz
Chief Business Official
Washington Unified School District
7950 S. Elm Avenue, Fresno, California 93706

	Governmental Activities
Assets	
Deposits and investments	$ 36,778,057
Receivables	3,791,174
Prepaid expense	5,000
Stores inventories	438
Lease receivable	55,652
Capital assets not depreciated	6,322,166
Capital assets, net of accumulated depreciation	50,240,350
Right-to-use leased assets, net of accumulated amortization	162,905
Total assets	97,355,742
Deferred Outflows of Resources	
Deferred charge on refunding	624,325
Deferred outflows of resources related to OPEB	1,244,714
Deferred outflows of resources related to pensions	6,094,271
Total deferred outflows of resources	7,963,310
Liabilities	
Accounts payable	3,846,426
Unearned revenue	3,085,729
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,712,070
Long-term liabilities other than OPEB and pensions due in more than one year	46,121,754
Net other postemployment benefits liability (OPEB)	11,090,228
Aggregate net pension liabilities	17,532,519
Total liabilities	83,388,726
Deferred Inflows of Resources	
Deferred charge on refunding	23,176
Deferred inflows of resources related to OPEB	1,887,381
Deferred inflows of resources related to pensions	13,042,178
Deferred inflows of resources related to leases	55,652
Total deferred inflows of resources	15,008,387
Net Position	
Net investment in capital assets	24,142,221
Restricted for	
Debt service	1,940,172
Capital projects	1,363,362
Educational programs	3,412,384
Child Nutrition	332,964
Student activities	389,332
Unrestricted (deficit)	(24,658,496)
Total net position	$ 6,921,939

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 23,043,487	$ 47,600	$ 6,389,670	$ 516,517	$ (16,089,700)
Instruction-related activities					
Supervision of instruction	1,596,957	-	894,591	-	(702,366)
Instructional library, media, and technology	231,514	-	16	-	(231,498)
School site administration	1,793,849	-	91,797	-	(1,702,052)
Pupil services					
Home-to-school transportation	2,316,196	-	110,075	-	(2,206,121)
Food services	1,721,094	548	1,625,659	-	(94,887)
All other pupil services	2,954,301	4,076	1,784,190	-	(1,166,035)
Administration					
Data processing	661,738	-	155,768	-	(505,970)
All other administration	2,697,352	20	493,407	-	(2,203,925)
Plant services	4,147,066	6,166	251,461	-	(3,889,439)
Ancillary services	851,152	-	530,809	-	(320,343)
Interest on long-term liabilities	1,908,282	-	-	-	(1,908,282)
Other outgo	571,145	30,587	448,690	-	(91,868)
Total governmental activities	$ 44,494,133	$ 88,997	$ 12,776,133	$ 516,517	(31,112,486)
General Revenues and Subventions					
Property taxes, levied for general purposes					5,276,687
Property taxes, levied for debt service					2,775,083
Taxes levied for other specific purposes					170,178
Federal and State aid not restricted to specific purposes					28,308,006
Interest and investment earnings					(1,233,545)
Interagency revenues					9,759
Miscellaneous and unspent state entitlement revenues					5,199,730
Subtotal, general revenues and subventions					40,505,898
Change in Net Position					9,393,412
Net Position (deficit) - Beginning, as Restated					(2,471,473)
Net Position - Ending					$ 6,921,939

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 14,829,996	$ 14,357,298	$ 3,198,204	$ 4,392,559	$ 36,778,057
Receivables	3,341,411	50,690	133,351	265,722	3,791,174
Due from other funds	279,249	-	2,100,453	10,669	2,390,371
Prepaid expenditures	5,000	-	-	-	5,000
Stores inventories	438	-	-	-	438
Lease receivable	-	-	55,652	-	55,652
Total assets	$ 18,456,094	$ 14,407,988	$ 5,487,660	$ 4,668,950	$ 43,020,692
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 3,269,110	$ 120,542	$ 152,522	$ 304,252	$ 3,846,426
Due to other funds	2,111,122	-	-	279,249	2,390,371
Unearned revenue	3,085,729	-	-	-	3,085,729
Total liabilities	8,465,961	120,542	152,522	583,501	9,322,526
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	55,652	-	55,652
Fund Balances					
Nonspendable	15,438	-	-	100	15,538
Restricted	3,352,865	14,287,446	-	4,085,349	21,725,660
Assigned	497,377	-	5,279,486	-	5,776,863
Unassigned	6,124,453	-	-	-	6,124,453
Total fund balances	9,990,133	14,287,446	5,279,486	4,085,449	33,642,514
Total liabilities, deferred inflows of resources, and fund balances	$ 18,456,094	$ 14,407,988	$ 5,487,660	$ 4,668,950	$ 43,020,692

Total Fund Balance - Governmental Funds		$ 33,642,514
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 83,698,514	
Accumulated depreciation is	(27,135,998)	
Net capital assets		56,562,516
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	586,954	
Accumulated amortization is	(424,049)	
Net right-to-use leased assets		162,905
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	624,325	
Other postemployment benefits (OPEB)	1,244,714	
Net pension liability	6,094,271	
Total deferred outflows of resources		7,963,310
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Debt refundings (deferred charge on refunding)	(23,176)	
Other postemployment benefits (OPEB)	(1,887,381)	
Net pension liability	(13,042,178)	
Total deferred inflows of resources		(14,952,735)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(17,532,519)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(11,090,228)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds and premiums/discounts	(41,763,656)	
Certificates of participation	(5,500,000)	
Financed purchases	(39,816)	
Leases	(168,323)	
Compensated absences (vacations)	(251,407)	
Special termination benefits payable	(110,622)	
Total long-term liabilities		(47,833,824)
Total net position - governmental activities		$ 6,921,939

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$32,846,775	$ -	$ -	$ -	$32,846,775
Federal sources	7,472,041	-	-	1,699,947	9,171,988
Other State sources	5,328,120	-	-	1,312,112	6,640,232
Other local sources	3,535,999	(382,051)	132,808	3,207,451	6,494,207
Total revenues	49,182,935	(382,051)	132,808	6,219,510	55,153,202
Expenditures					
Current					
Instruction	23,894,342	-	-	573,999	24,468,341
Instruction-related activities					
Supervision of instruction	1,744,605	-	-	65,021	1,809,626
Instructional library, media, and technology	241,786	-	-	-	241,786
School site administration	1,888,230	-	-	896	1,889,126
Pupil services					
Home-to-school transportation	1,664,909	-	-	-	1,664,909
Food services	48,230	-	-	1,499,842	1,548,072
All other pupil services	3,190,929	-	-	-	3,190,929
Administration					
Data processing	666,250	-	-	-	666,250
All other administration	2,717,656	-	-	93,240	2,810,896
Plant services	3,766,700	-	167,907	69,495	4,004,102
Ancillary services	413,514	-	-	446,597	860,111
Other outgo	571,145	-	-	-	571,145
Facility acquisition and construction	2,701,192	768,089	391,957	606,894	4,468,132
Debt service					
Principal	404,555	-	129,313	535,000	1,068,868
Interest and other	194,465	156,467	5,397	1,498,373	1,854,702
Total expenditures	44,108,508	924,556	694,574	5,389,357	51,116,995
Excess (Deficiency) of Revenues Over Expenditures	5,074,427	(1,306,607)	(561,766)	830,153	4,036,207
Other Financing Sources (Uses)					
Transfers in	-	-	2,100,453	-	2,100,453
Other sources - leases	-	-	65,096	-	65,096
Proceeds from bond issuances	-	156,467	-	9,137,533	9,294,000
Payments to escrow for refunded debt	-	-	-	(9,128,427)	(9,128,427)
Transfers out	(2,100,453)	-	-	-	(2,100,453)
Net Financing Sources (Uses)	(2,100,453)	156,467	2,165,549	9,106	230,669
Net Change in Fund Balances	2,973,974	(1,150,140)	1,603,783	839,259	4,266,876
Fund Balance - Beginning	7,016,159	15,437,586	3,675,703	3,246,190	29,375,638
Fund Balance - Ending	$ 9,990,133	$14,287,446	$ 5,279,486	$ 4,085,449	$33,642,514

Total Net Change in Fund Balances - Governmental Funds		$ 4,266,876
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation and amortization expense in the period.		
Capital outlays	$ 4,585,710	
Depreciation and amortization expenses	(2,637,405)	
Net expense adjustment		1,948,305
Lease agreements were entered into for right-to-use assets. The present value of these leases is reported in the governmental funds as a source. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(65,096)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(8,677)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		21,523
In the Statement of Activities, special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		55,311
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		2,760,739

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(535,105)
Proceeds received from general obligation bonds or certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(9,294,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Deferred charge on refunding recognized	(23,176)
Premium amortization	888,592
Discount amortization	(2,168)
Deferred charge on refunding amortization	(53,580)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	8,900,000
Certificates of participation	370,000
Financed purchases	34,555
Leases	129,313
Change in net position of governmental activities	$ 9,393,412

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Washington Unified School District (the District) was formed on July 1, 2011, from the unification of the American Union Elementary School District, the Washington Union High School District, and the West Fresno Elementary School District, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site.

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are comprised of governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, the Special Reserve Postemployment Benefits Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase of $497,377 in fund balance.

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

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting; which differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function. 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*, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

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 fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified 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 on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization expenses, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the county treasurer.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .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.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Premiums and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the statement of net position. Debt premiums and discounts are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums and discounts are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance and discounts paid are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, for OPEB related items, and for leases.

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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District.

Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $7,438,214 of restricted net position.

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Notes 4, 5 and 10.

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	$ 36,778,057

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	$ 353,153
Cash in revolving	10,100
Investments	36,414,804
Total deposits and investments	$ 36,778,057

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $36,345,387 in the Fresno County Treasury Investment Pool that has an average weighted maturity of 846 days.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Reported Amount	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Certificates of Deposit	$ 50,317	$ 50,317	$ -	$ -	$ -
Money Market Mutual Funds	19,100	-	-	-	19,100
Total	$ 69,417	$ 50,317	$ -	$ -	$ 19,100

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Fresno County Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, $107,005 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 1,513,773	$ -	$ -	$ 238,197	$ 1,751,970
State Government					
Categorical aid	871,700	-	122,440	14,098	1,008,238
Local Sources	955,938	50,690	10,911	13,427	1,030,966
Total	$ 3,341,411	$ 50,690	$ 133,351	$ 265,722	$ 3,791,174

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 2,432,571	$ -	$ -	$ 2,432,571
Construction in progress	653,299	4,132,232	(895,936)	3,889,595
Total capital assets not being depreciated	3,085,870	4,132,232	(895,936)	6,322,166
Capital assets being depreciated				
Land improvements	18,893,210	-	-	18,893,210
Buildings and improvements	49,729,996	1,188,648	-	50,918,644
Furniture and equipment	7,576,755	95,670	(107,931)	7,564,494
Total capital assets being depreciated	76,199,961	1,284,318	(107,931)	77,376,348
Total capital assets	79,285,831	5,416,550	(1,003,867)	83,698,514
Accumulated depreciation				
Land improvements	(4,271,390)	(876,132)	-	(5,147,522)
Buildings and improvements	(15,351,352)	(1,268,525)	-	(16,619,877)
Furniture and equipment	(5,100,888)	(366,965)	99,254	(5,368,599)
Total accumulated depreciation	(24,723,630)	(2,511,622)	99,254	(27,135,998)
Net depreciable capital assets	51,476,331	(1,227,304)	(8,677)	50,240,350
Right-to-use leased assets being amortized				
Buildings and improvements	72,415	65,096	-	137,511
Furniture and equipment	449,443	-	-	449,443
Total right-to-use leased assets being amortized	521,858	65,096	-	586,954
Accumulated amortization				
Buildings and improvements	(28,590)	(35,891)	-	(64,481)
Furniture and equipment	(269,676)	(89,892)	-	(359,568)
Total accumulated amortization	(298,266)	(125,783)	-	(424,049)
Net right-to-use leased assets	223,592	(60,687)	-	162,905
Governmental activities capital assets and right-to-use leased assets, net	$ 54,785,793	$ 2,844,241	$ (904,613)	$ 56,725,421

Depreciation and amortization expenses were charged to functional expenses as follows:

Governmental Activities	
Instruction	$ 1,245,238
School site administration	75,349
Home-to-school transportation	653,022
Food services	200,930
General administrations	50,232
Data processing	25,116
Plant services	387,518
Total depreciation and amortization expenses - governmental activities	$ 2,637,405

Note 5 - Lease Receivables

The District has entered into a lease agreement. The lease receivable is summarized below:

Lease Receivable	Outstanding July 1, 2021	Addition	Deletion	Outstanding June 30, 2022
Lease of two classrooms	$ -	$ 69,652	$ (14,000)	$ 55,652

Classrooms Lease

Fresno County Superintendent of Schools

The District entered into a five-year agreement with the Fresno County Superintendent of Schools (FCSS), beginning August 1, 2018, for a classroom building lease. Under the terms of the lease, FCSS agreed to pay yearly payments of $14,000, which amounted to total principal and interest costs of $70,000 over the lease term. The annual interest rate charged on the lease is 3.0%. At June 30, 2022, the District has recognized a lease receivable and deferred inflow of resources of $55,652.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General	$ 279,249	$ 2,111,122
Special Reserve Fund for Capital Outlay Projects	2,100,453	-
Non-Major Governmental Funds		
Child Development	-	52,901
Cafeteria	10,669	226,348
Total	$ 2,390,371	$ 2,390,371

The General Fund owes the Special Reserve Fund for Capital Outlay Projects for future capital projects.	$ 1,930,275
The General Fund owes the Special Reserve Fund for Capital Outlay Projects for redevelopment agencies local property taxes.	170,178
The General Fund owes the Cafeteria Non-Major Governmental Fund for miscellaneous expenditures.	10,669
The Child Development Non-Major Governmental Fund owes the General Fund for miscellaneous expenditures.	7,602
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	45,299
The Cafeteria Non-Major Governmental Fund owes the General Fund for a temporary cash flow loan.	170,000
The Cafeteria Non-Major Governmental Fund owes the General Fund for miscellaneous expenditures.	8,407
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	47,941
Total	$ 2,390,371

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2022, consisted of the following:

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for future capital outlay projects.	$ 1,930,275
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for Redevelopment Agencies local property taxes.	170,178
Total	$ 2,100,453

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	$ 2,008,972	$ 120,542	$ 152,522	$ 276,699	$ 2,558,735
Salaries and benefits	1,260,138	-	-	27,553	1,287,691
Total	$ 3,269,110	$ 120,542	$ 152,522	$ 304,252	$ 3,846,426

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	$ 1,902,163
State categorical aid	1,183,566
Total	$ 3,085,729

Note 9 - Tax and Revenue Anticipation Notes (TRANS)

At July 1, 2021, the District had outstanding Tax and Revenue Anticipation Notes in the amount of $7,000,000, which matured on January 31, 2022. On March 29, 2021, the District issued $7,000,000 of Tax and Revenue Anticipation Notes bearing interest at 0.25%. The notes were issued to supplement cash flows. Interest and principal were due and payable on January 31, 2022.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
3/29/2021	0.25%	1/31/2022	$ 7,000,000	$ -	$ 7,000,000	$ -

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 38,960,000	$ 9,294,000	$ (8,900,000)	$ 39,354,000	$ 1,123,000
Certificates of participation	5,870,000	-	(370,000)	5,500,000	385,000
Unamortized debt premiums	3,324,266	-	(888,592)	2,435,674	-
Unamortized debt discounts	(28,186)	-	2,168	(26,018)	-
Financed purchases	74,371	-	(34,555)	39,816	19,471
Leases	232,540	65,096	(129,313)	168,323	129,288
Early retirement liabilities	165,933	-	(55,311)	110,622	55,311
Compensated absences	272,930	-	(21,523)	251,407	-
Total	$ 48,871,854	$ 9,359,096	$ (10,397,126)	$ 47,833,824	$ 1,712,070

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. Payments on the certificates of participation and financed purchases are made by the General Fund. The unamortized debt premiums and unamortized debt discounts will be amortized over the life of the related debt. The leases are paid by the fund using the right-to-use asset, which is the Special Reserve Fund for Capital Outlay Projects. The compensated absences and early retirement incentive are paid by the fund for which the employee worked, which is mainly the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
5/4/2010	5/1/2023	4.5-5.0%	$ 2,365,000	$ 380,000	$ -	$ (250,000)	$ 130,000
2/13/2013	8/1/2043	2.0-5.0%	11,965,000	4,320,000	-	(120,000)	4,200,000
10/13/2016	8/1/2043	2.0-5.0%	10,035,000	10,035,000	-	(8,365,000)	1,670,000
10/9/2018	8/1/2034	3.4-4.4%	2,865,000	2,785,000	-	(45,000)	2,740,000
8/27/2020	8/1/2042	0.508-3.153%	7,560,000	7,560,000	-	(120,000)	7,440,000
1/12/2021	8/1/2050	0.52-4.00%	15,500,000	13,880,000	-	-	13,880,000
Notes from direct borrowings and direct placements							
5/25/2022	8/1/2043	3.75%	9,294,000	-	9,294,000	-	9,294,000
Total				$ 38,960,000	$ 9,294,000	$ (8,900,000)	$ 39,354,000

2010 General Obligation Refunding Bonds

Prior to the unification and formation of the Washington Unified School District, on May 4, 2010, the West Fresno Elementary School District issued $2,365,000 of 2010 General Obligation Refunding Bonds. The bonds were issued to refund the remaining outstanding obligation of the 1997 Series A and Series B General Obligation Bonds that were issued previously by the District. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on May 1 and November 1 of each year commencing May 1, 2011.

2012 Series A General Obligation Bonds

On February 13, 2013, the District issued $11,965,000 of Election of 2012, Series A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $22,000,000 principal amount of general obligation bonds for the purpose of financing the construction, renovation, modernization and equipping of school facilities. The Series A bonds were the first series of bonds to be issued under the authorization. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2013.

2012 Series B General Obligation Bonds

On October 13, 2016, the District issued $10,035,000 of Election of 2012, Series B General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $22,000,000 principal amount of general obligation bonds. The Series B bonds were the second and final series of bonds to be issued under the authorization. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2017. The bonds were issued to refinance certain District capital costs through the prepayment, on a current basis, of a portion of the District's 2013 Certificates of Participation and the advance refunding of all of the District's outstanding 2015 Bond Anticipation Notes.

2018 General Obligations Refunding Bonds

On October 9, 2018, the District issued $2,865,000 of 2018 General Obligation Bonds. The bonds were issued to advance refund the West Fresno Elementary School District's 1997 General Obligation Bonds, Series C, consisting of a term bond maturing in the year 2035.

Election of 2020, General Obligation Refunding Bond Issuance

On August 27, 2020, the District issued $7,560,000 of general obligation refunding bonds to be funded by the tax payers within the District. The bonds were issued to advance a portion of the callable outstanding maturities of the District's general obligation bonds, Election of 2012, Series A, consisting of current interest serial bonds maturing in the years 2024 through 2028, inclusive, and current interest bonds maturing in the years 2033, 2038, 2043 (as to portion of same to be refunded, the "Refunding Bonds"), and to pay costs of issuance of the Bonds. The interest rates on the bonds range from 1.000% to 3.153% and mature August 1, 2030, through August 1, 2042, and required mandatory sinking fund payments during the period. Interest payments are required on the outstanding bonds each February 1 and August 1 commencing February 1, 2021.

Election of 2020, Series A, General Obligation Bond Issuance

On January 12, 2021, the District issued $15,500,000 of general obligation bonds to be funded by the tax payers within the District. The bonds were issued to finance the cost of construction, repair, modernization, acquisition, and equipping of school classrooms, facilities, and school sites within the District. The interest rate on the bonds is 4.00% and mature from August 1, 2040 through August 1, 2050 and required mandatory sinking fund payments during the period. Interest payments are required on the outstanding bonds each February 1 and August 1 commencing August 1, 2021.

2022 Refunding General Obligations Bonds – Direct Purchase

On May 25, 2022, the District issued $9,294,000 of 2022 Refunding General Obligation Bonds. The proceeds from the sale of the Bonds will be used to partially refinance General Obligation Bonds, Election of 2012, Series A and B, that were previously issued by the District. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2022.

The refunding resulted in a cumulative cash flow savings of $1,316,976 over the life of the new debt and an economic gain of $948,764 based on the difference between the present value of the existing debt service requirements and new debt service requirements discounted at 3.11%.

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 1,123,000	$ 1,297,613	$ 2,420,613
2024	1,305,000	1,359,830	2,664,830
2025	835,000	1,324,534	2,159,534
2026	935,000	1,295,440	2,230,440
2027	660,000	1,226,026	1,886,026
2028-2032	5,229,000	5,483,395	10,712,395
2033-2037	7,972,000	4,315,335	12,287,335
2038-2042	10,337,000	2,918,531	13,255,531
2043-2047	6,863,000	1,285,107	8,148,107
2048-2051	4,095,000	343,300	4,438,300
Total	$ 39,354,000	$ 20,849,111	$ 60,203,111

Certificates of Participation

On October 27, 2016, the Washington Unified School District issued refunding certificates of participation in the amount of $7,295,000 with interest rates ranging from 2.0 to 4.0%. The certificates were issued to refund a portion of the District's outstanding 2013 Certificates of Participation.

The certificates mature through 2034 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 385,000	$ 161,518	$ 546,518
2024	400,000	147,819	547,819
2025	415,000	135,593	550,593
2026	425,000	122,994	547,994
2027	440,000	110,018	550,018
2028-2032	2,380,000	352,603	2,732,603
2033-2034	1,055,000	34,206	1,089,206
Total	$ 5,500,000	$ 1,064,751	$ 6,564,751

Financed Purchases

The District has entered into agreements to lease vehicles and for a security system. Such agreements are, in substance, purchases and are reported as financed purchases. The financed purchases have minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 19,471	$ 1,788	$ 21,259
2024	20,345	914	21,259
Total	$ 39,816	$ 2,702	$ 42,518

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2021 as Restated	Addition	Payments	Leases Outstanding June 30, 2022
Copier lease	$ 187,893	$ -	$ (92,539)	$ 95,354
Portable classroom leases	44,647	65,096	(36,774)	72,969
Total	$ 232,540	$ 65,096	$ (129,313)	$ 168,323

Copier Lease

The District entered into an agreement to lease copiers for five years, beginning July 1, 2018, with one successive term of one year. The one successive term is deemed reasonably certain not to be exercised, the total term is five years. Under the terms of the lease, the District binder paid the monthly payments of $8,076, which amounted to total principal and interest costs of $484,555. The annual interest rate charged on the lease is 3%. At June 30, 2022, the District has recognized a right-to-use asset of $449,443 and a lease liability of $95,354 related to this agreement. During the fiscal year, the District recorded $89,892 in amortization expense and $4,372 in interest expense for the right-to-use of the copiers. The District also pays for each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature.

Portable Classroom Leases

The District entered into various agreements to lease portable classrooms. Under the terms of the leases, the District paid total principal and interest costs of $145,000 for the year ended June 30, 2022. The annual interest rate charged on the leases is 3%. At June 30, 2022, the District has recognized a right-to-use asset of $137,511 and a lease liability of $72,969 related to these agreements. During the fiscal year, the District recorded $74,949 in amortization expense and $4,930 in interest expense for the right-to-use of the portables classrooms.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 129,288	$ 3,421	$ 132,709
2024	12,629	1,171	13,800
2025	13,008	792	13,800
2026	13,398	402	13,800
Total	$ 168,323	$ 5,786	$ 174,109

PARS Early Retirement Incentive

The District entered into an agreement with four employees where the employees would be given varying amounts per participant for five years. The outstanding liability for this plan was $110,622 at June 30, 2022.

Year Ending June 30,	Payment
2023	$ 55,311
2024	55,311
Total	$ 110,622

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $251,407.

Note 11 - Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported total OPEB liability and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 10,945,273	$ 1,244,714	$ 1,887,381	$ 1,044,626
Medicare Premium Payment (MPP) Program	144,955	-	-	(29,495)
Total	$ 11,090,228	$ 1,244,714	$ 1,887,381	$ 1,015,131

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	33
Active employees	258
Total	291

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Washington Unified Faculty Association (WUFA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, WUFA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid $480,026 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,945,273 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation dated July 1, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2022 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%, average, including inflation
Discount rate	3.69%
Healthcare cost trend rates	4.00% for 2022

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Pre-retirement and Post-retirement mortality rates were both based on the CalSTRS Experience Analysis (2015-2018) for certificated employees and CalPERS Experience Study (1997-2015) for classified employees.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 12,313,527
Service cost	829,605
Interest	247,762
Changes of assumptions or other inputs	(1,965,595)
Benefit payments	(480,026)
Net change in total OPEB liability	(1,368,254)
Balance, June 30, 2022	$ 10,945,273

Changes in Benefit Terms **-** There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions **-** The discount rate assumption was changed from 1.92% to 3.69% since the previous report. The health trend rate remained at 4.00%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	$ 12,010,700
Current discount rate (3.69%)	10,945,273
1% increase (4.69%)	9,989,847

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.0%)	$ 9,637,176
Current healthcare cost trend rate (4.0%)	10,945,273
1% increase (5.0%)	12,496,402

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

For the year ended June 30, 2022, the District recognized OPEB expense of $1,044,626. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 153,032
Changes of assumptions	1,244,714	1,734,349
Total	$ 1,244,714	$ 1,887,381

The deferred outflows of resources and deferred inflows of resources related to the changes of assumptions in the OPEB actuarial report will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 223,693
2024	223,693
2025	223,693
2026	223,693
2027	194,936
Thereafter	155,006
Total	$ 1,244,714

The deferred outflows of resources and deferred inflows of resources related to the differences between projected and actual experience in the OPEB actuarial report will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (256,434)
2024	(256,434)
2025	(256,434)
2026	(256,434)
2027	(253,763)
Thereafter	(607,882)
Total	$ (1,887,381)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $144,955 for its proportionate share of the net OPEB liability for the MPP Program. The 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. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0363% and 0.0412%, resulting in a net decrease in the proportionate share of 0.0049%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(29,495).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	June 30, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 159,780
Current discount rate (2.16%)	144,955
1% increase (3.16%)	132,288

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 131,820
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	144,955
1% increase (5.50% Part A and 6.40% Part B)	160,014

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 10,000	$ -	$ -	$ 100	$ 10,100
Stores inventories	438	-	-	-	438
Prepaid expenditures	5,000	-	-	-	5,000
Total nonspendable	15,438	-	-	100	15,538
Restricted					
Legally restricted programs	3,352,865	-	-	59,519	3,412,384
Student activities	-	-	-	389,332	389,332
Food service	-	-	-	332,964	332,964
Capital projects	-	14,287,446	-	1,363,362	15,650,808
Debt services	-	-	-	1,940,172	1,940,172
Total restricted	3,352,865	14,287,446	-	4,085,349	21,725,660
Assigned					
Postemployment benefits	497,377	-	-	-	497,377
Capital projects	-	-	5,279,486	-	5,279,486
Total assigned	497,377	-	5,279,486	-	5,776,863
Unassigned					
Remaining unassigned	6,124,453	-	-	-	6,124,453
Total	$ 9,990,133	$ 14,287,446	$ 5,279,486	$ 4,085,449	$ 33,642,514

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Organization of Self-Insured Schools for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Fresno County Self-Insurance Group, an insurance purchasing pool. The intent of the Fresno County Self-Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Fresno County Self-Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Fresno County Self-Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Fresno County Self-Insurance Group. Participation in the Fresno County Self-Insurance Group is limited to districts that can meet the Fresno County Self-Insurance Group selection criteria.

Employee Medical Benefits

The District has contracted with the California's Valued Trust (CVT) to provide employee health benefits. CVT is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 11,002,466	$ 4,476,276	$ 10,324,500	$ 360,148
CalPERS	6,530,053	1,617,995	2,717,678	612,801
Total	$ 17,532,519	$ 6,094,271	$ 13,042,178	$ 972,949

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $2,511,120.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 11,002,466
State's proportionate share of the net pension liability	5,536,014
Total	$ 16,538,480

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0242% and 0.0236%, resulting in a net increase in the proportionate share of 0.0006%.

For the year ended June 30, 2022, the District recognized pension expense of $360,148. In addition, the District recognized pension expense and revenue of $189,408 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,511,120	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	378,661	450,374
Differences between projected and actual earnings on pension plan investments	-	8,703,234
Differences between expected and actual experience in the measurement of the total pension liability	27,562	1,170,892
Changes of assumptions	1,558,933	-
Total	$ 4,476,276	$ 10,324,500

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (2,210,099)
2024	(2,021,519)
2025	(2,071,686)
2026	(2,399,930)
Total	$ (8,703,234)

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 412,442
2024	410,192
2025	(169,651)
2026	(155,707)
2027	(49,545)
Thereafter	(103,841)
Total	$ 343,890

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. 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 expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 22,397,084
Current discount rate (7.10%)	11,002,466
1% increase (8.10%)	1,545,152

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

Contributions

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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. 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. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $1,222,568.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $6,530,053. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0321% and 0.0312%, resulting in a net increase in the proportionate share of 0.0009%.

For the year ended June 30, 2022, the District recognized pension expense of $612,801. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,222,568	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	200,488	196,243
Differences between projected and actual earnings on pension plan investments	-	2,506,041
Differences between expected and actual experience in the measurement of the total pension liability	194,939	15,394
Total	$ 1,617,995	$ 2,717,678

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (628,513)
2024	(577,975)
2025	(602,576)
2026	(696,977)
Total	$ (2,506,041)

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 60,533
2024	57,799
2025	59,488
2026	5,970
Total	$ 183,790

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 11,010,586
Current discount rate (7.15%)	6,530,053
1% increase (8.15%)	2,810,249

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,554,886 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
All sites HVAC upgrades	$ 4,370,517	December 1, 2022
Washington Union High School CTE health class	671,415	February 1, 2023
Total	$ 5,041,932	

Note 16 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Fresno County Self-Insurance Group (FCSIG), the Organization of Self-Insured Schools (OSS) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements.

The District has appointed no members to the governing board of FCSIG.

During the year ended June 30, 2022, the District made payment of $416,335 to FCSIG for workers' compensation insurance.
The District has appointed no members to the governing board of OSS.

During the year ended June 30, 2022, the District made payment of $244,051 to OSS for liability and property damage insurance.

The District has appointed one member to the governing board of CVT.

During the year ended June 30, 2022, the District made payment of $5,037,418 to CVT for health coverage.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities	
Net Position (deficit) - Beginning, as previously reported on June 30, 2021	$ (2,462,525)
Right-to-use leased asset, net of amortization	223,592
Lease liability	(232,540)
Net Position (deficit) - Beginning, as Restated on July 1, 2021	$ (2,471,473)

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 31,991,030	$ 32,846,775	$ 32,846,775	$ -
Federal sources	11,614,556	7,557,772	7,472,041	(85,731)
Other State sources	4,384,570	5,328,120	5,328,120	-
Other local sources	1,428,339	4,051,025	3,535,999	(515,026)
Total revenues [1]	49,418,495	49,783,692	49,182,935	(600,757)
Expenditures				
Current				
Certificated salaries	14,575,535	15,272,956	15,272,956	-
Classified salaries	5,170,229	5,604,084	5,604,084	-
Employee benefits	11,690,548	11,468,362	11,468,357	5
Books and supplies	2,101,946	2,159,415	2,159,415	-
Services and operating expenditures	6,418,208	5,747,342	5,747,328	14
Other outgo	617,444	477,905	463,215	14,690
Capital outlay	7,040,748	2,794,133	2,794,133	-
Debt service				
Debt service - principal	398,236	404,556	404,555	1
Debt service - interest and other	204,482	179,722	194,465	(14,743)
Total expenditures [1]	48,217,376	44,108,475	44,108,508	(33)
Excess (Deficiency) of Revenues Over Expenditures	1,201,119	5,675,217	5,074,427	(600,790)
Other Financing Uses				
Transfers out	(130,131)	(2,100,453)	(2,100,453)	-
Net Change in Fund Balances	1,070,988	3,574,764	2,973,974	(600,790)
Fund Balance - Beginning	7,016,159	7,016,159	7,016,159	-
Fund Balance - Ending	$ 8,087,147	$ 10,590,923	$ 9,990,133	$ (600,790)

[1] Due to the consolidation of Fund 20, Special Reserve Postemployment Benefits Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 829,605	$ 734,805	$ 665,801	$ 614,988	$ 509,444
Interest	247,762	286,697	330,944	329,564	318,774
Difference between expected and actual experience	-	(168,650)	-	(45,452)	-
Changes of assumptions	(1,965,595)	684,157	719,776	488,887	-
Benefit payments	(480,026)	(559,234)	(572,137)	(585,173)	(486,847)
Net change in total OPEB liability	(1,368,254)	977,775	1,144,384	802,814	341,371
Total OPEB Liability - Beginning	12,313,527	11,335,752	10,191,368	9,388,554	9,047,183
Total OPEB Liability - Ending	$ 10,945,273	$ 12,313,527	$ 11,335,752	$ 10,191,368	$ 9,388,554
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0363%	0.0412%	0.0408%	0.0421%	0.0426%
Proportionate share of the net OPEB liability	$ 144,955	$ 174,450	$ 151,907	$ 161,039	$ 179,244
Covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Note : In the future, as data becomes available, ten years of information will be presented.

	2022	2021	2020	2019
CalSTRS				
Proportion of the net pension liability	0.0242%	0.0236%	0.0231%	0.0234%
Proportionate share of the net pension liability	$ 11,002,466	$ 22,894,312	$ 20,825,984	$ 21,542,881
State's proportionate share of the net pension liability	5,536,014	11,802,021	11,361,965	12,334,307
Total	$ 16,538,480	$ 34,696,333	$ 32,187,949	$ 33,877,188
Covered payroll	$ 12,899,901	$ 12,851,211	$ 12,494,779	$ 12,531,601
Proportionate share of the net pension liability as a percentage of its covered payroll	85.29%	178.15%	166.68%	171.91%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS				
Proportion of the net pension liability	0.0321%	0.0312%	0.0307%	0.0327%
Proportionate share of the net pension liability	$ 6,530,053	$ 9,567,173	$ 8,944,088	$ 8,712,579
Covered payroll	$ 4,608,179	$ 4,492,110	$ 4,257,220	$ 4,309,793
Proportionate share of the net pension liability as a percentage of its covered payroll	141.71%	212.98%	210.09%	202.16%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Note: In the future, as data becomes available, ten years of information will be presented.

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0235%	0.0247%	0.0243%	0.0255%
Proportionate share of the net pension liability	$ 21,763,650	$ 19,956,738	$ 16,333,801	$ 14,924,366
State's proportionate share of the net pension liability	12,875,192	11,361,015	8,638,780	9,011,976
Total	$ 34,638,842	$ 31,317,753	$ 24,972,581	$ 23,936,342
Covered payroll	$ 12,593,959	$ 12,536,757	$ 11,934,257	$ 11,219,455
Proportionate share of the net pension liability as a percentage of its covered payroll	172.81%	159.19%	136.86%	133.02%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.0326%	0.0335%	0.0339%	0.0314%
Proportionate share of the net pension liability	$ 7,773,328	$ 6,616,581	$ 4,996,194	$ 3,567,659
Covered payroll	$ 4,446,997	$ 4,020,967	$ 3,753,165	$ 3,110,103
Proportionate share of the net pension liability as a percentage of its covered payroll	174.80%	164.55%	133.12%	114.71%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

	2022	2021	2020	2019
CalSTRS				
Contractually required contribution	$ 2,511,120	$ 2,083,334	$ 2,197,557	$ 2,034,150
Less contributions in relation to the contractually required contribution	2,511,120	2,083,334	2,197,557	2,034,150
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 14,841,135	$ 12,899,901	$ 12,851,211	$ 12,494,779
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%
CalPERS				
Contractually required contribution	$ 1,222,568	$ 953,893	$ 885,889	$ 768,939
Less contributions in relation to the contractually required contribution	1,222,568	953,893	885,889	768,939
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 5,336,395	$ 4,608,179	$ 4,492,110	$ 4,257,220
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%

Note: In the future, as data becomes available, ten years of information will be presented.

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 1,808,310	$ 1,584,320	$ 1,345,194	$ 1,059,762
Less contributions in relation to the contractually required contribution	1,808,310	1,584,320	1,345,194	1,059,762
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 12,531,601	$ 12,593,959	$ 12,536,757	$ 11,934,257
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 669,354	$ 617,599	$ 476,364	$ 441,785
Less contributions in relation to the contractually required contribution	669,354	617,599	476,364	441,785
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 4,309,793	$ 4,446,997	$ 4,020,967	$ 3,753,165
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

Note: In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

At June 30, 2022, the District's General Fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General Fund	$ 44,108,475	$ 44,108,508	$ 33

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 1.92% to 3.69% since the previous report. The health trend rate remained at 4.00%.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 648,063
Special Education Preschool Grants	84.173	13430	9,610
Total Special Education Cluster			657,673
Migrant Education State Grant Program	84.011	14326	124,937
Migrant Education State Grant Program - Summer	84.011	10005	59,969
Migrant Education State Grant Program - Even Start	84.011	10144	4,864
Subtotal			189,770
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	129,263
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,039,710
COVID-19, Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,883,095
COVID-19, Expanded Learning Opportunities Grant ESSER II State Reserve	84.425D	15618	57,686
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	15559	787,643
Subtotal			3,897,397
Title I Grants to Local Educational Agencies	84.010	14329	1,814,823
School Improvement (CSI) Funding for LEAs	84.010	15438	179,191
Subtotal			1,994,014
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	263,173
English Language Acquisition State Grants - LEP	84.365	14346	67,171
Student Support and Academic Enrichment Program	84.424	15396	135,340
Twenty-First Century Community Learning Centers	84.287	14349	267,503
Total U.S. Department of Education			7,472,041
U.S. Department of Health and Human Services Human Services			
Passed Through California Department of Social Services			
CCDF Cluster: COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	15555	39,139
Total U.S. Department of Health and Human Services			39,139

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
COVID-19, Pandemic EBT Local Administrative Grant	10.649	15644	3,063
Child Nutrition Cluster			
COVID-19, SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	104,716
National School Lunch Program - Meal Supplements	10.555	13396	46,072
National School Lunch Program - Commodity Supplemental Food	10.555	13391	95,250
Subtotal			246,038
Summer Food Service Program Operations	10.559	13004	1,405,494
Fresh Fruit and Vegetable Program	10.582	14968	43,698
Total Child Nutrition Cluster			1,695,230
Total U.S. Department of Agriculture			1,698,293
Total Federal Financial Assistance			$ 9,209,473

Organization

The Washington Unified School District was unified on July 1, 2011, and consists of an area comprising approximately 99 square miles. The District operates two elementary schools, one middle school, one high school, a continuation high school, a community day school, and an independent study site. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Darrell Carter	President	2022
Steve Barra	Vice President	2022
Eddie Ruiz	Clerk	2024
Mark Aguilar	Member	2024
Anna Campbell	Member	2024
Henry Hendrix	Member	2022
Terry Ruiz	Member	2024

Administration

Randy Morris	Superintendent
Sophia Rizzo Ed.D	Assistant Superintendent
Chris M. Vaz	Chief Business Official

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	486.00	489.63
Fourth through sixth	388.39	390.70
Seventh and eighth	237.10	238.93
Ninth through twelfth	1,132.53	1,135.74
Total regular ADA	2,244.02	2,255.00
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	-	0.06
Seventh and eighth	0.35	0.49
Ninth through twelfth	0.82	0.83
Total special education, nonpublic, nonsectarian schools	1.17	1.38
Total ADA	2,245.19	2,256.38

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Total Minutes Offered	Number of Actual Days	Total Days Offered	Status
Kindergarten	36,000	56,120	56,120	180	180	Complied
Grades 1 - 3	50,400					
Grade 1		53,930	53,930	180	180	Complied
Grade 2		53,930	53,930	180	180	Complied
Grade 3		53,930	53,930	180	180	Complied
Grades 4 - 8	54,000					
Grade 4		62,930	62,930	180	180	Complied
Grade 5		60,210	60,210	180	180	Complied
Grade 6		60,210	60,210	180	180	Complied
Grade 7		60,210	60,210	180	180	Complied
Grade 8		62,980	62,980	180	180	Complied
Grades 9 - 12	64,800					
Grade 9		65,000	65,000	180	180	Complied
Grade 10		65,000	65,000	180	180	Complied
Grade 11		65,000	65,000	180	180	Complied
Grade 12		65,000	65,000	180	180	Complied

The District did not file any J-13A waivers during the 2021-2022 school year.

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	$ 10,596,028	$ 14,874,583	$ 5,410,275	$ 4,267,408
Decrease in				
Cash in banks	-	-	-	(19,448)
Fair value adjustment to Cash in County Treasury	(605,895)	(587,137)	(130,789)	(162,511)
Balance, June 30, 2022, Audited Financial Statements	$ 9,990,133	$ 14,287,446	$ 5,279,486	$ 4,085,449

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 52,475,512	$ 49,177,798	$ 42,991,443	$ 38,857,987
Other sources	-	-	-	439
Total Revenues and Other Sources	52,475,512	49,177,798	42,991,443	38,858,426
Expenditures	50,278,948	44,108,508	36,728,969	37,623,969
Other uses and transfers out	130,131	2,100,453	3,912,289	400,000
Total Expenditures and Other Uses	50,409,079	46,208,961	40,641,258	38,023,969
Increase in Fund Balance	2,066,433	2,968,837	2,350,185	834,457
Ending Fund Balance	$ 11,559,189	$ 9,492,756	$ 6,523,919	$ 4,173,734
Available Reserves [2]	$ 8,019,167	$ 6,124,453	$ 4,342,112	$ 1,140,721
Available Reserves as a Percentage of Total Outgo	15.91%	13.25%	10.68%	3.00%
Long-Term Liabilities	Not Available	$ 76,456,571	$ 93,821,316	$ 74,073,217
Average Daily Attendance at P-2	2,406	2,245	2,459	2,459

The General Fund balance has increased by $5,319,022 over the past two years. The fiscal year 2022-2023 budget projects an increase of $2,066,433 (21.8%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have increased by $2,383,354 over the past two years.

Average daily attendance has decreased by 214 over the past two years; however, an increase of 161 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and have not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances contained within the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Special Reserve Postemployment Benefits as required by GASB Statement No. 54.

Name of Charter School	Charter Number	Included in Audit Report
W.E.B. DeBois Public Charter	0270	No

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	$ 409,466	$ 123,015	$ 359,711	$ 402,611	$ 1,163,499	$ 1,934,257	$ 4,392,559
Receivables	-	415	255,185	1,386	2,821	5,915	265,722
Due from other funds	-	-	10,669	-	-	-	10,669
Total assets	$ 409,466	$ 123,430	$ 625,565	$ 403,997	$ 1,166,320	$ 1,940,172	$ 4,668,950
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 20,134	$ 11,010	$ 66,153	$ 32,691	$ 174,264	$ -	$ 304,252
Due to other funds	-	52,901	226,348	-	-	-	279,249
Total liabilities	20,134	63,911	292,501	32,691	174,264	-	583,501
Fund Balances							
Nonspendable	-	-	100	-	-	-	100
Restricted	389,332	59,519	332,964	371,306	992,056	1,940,172	4,085,349
Total fund balances	389,332	59,519	333,064	371,306	992,056	1,940,172	4,085,449
Total liabilities and fund balances	$ 409,466	$ 123,430	$ 625,565	$ 403,997	$ 1,166,320	$ 1,940,172	$ 4,668,950

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Federal sources	$ -	$ 1,654	$ 1,698,293	$ -	$ -	$ -	$ 1,699,947
Other State sources	-	675,808	126,451	-	505,934	3,919	1,312,112
Other local sources	489,250	(3,316)	5,393	44,265	(36,998)	2,708,857	3,207,451
Total revenues	489,250	674,146	1,830,137	44,265	468,936	2,712,776	6,219,510
Expenditures							
Current							
Instruction	-	573,999	-	-	-	-	573,999
Instruction-related activities							
Supervision of instruction	-	65,021	-	-	-	-	65,021
School site administration	-	896	-	-	-	-	896
Pupil services							
Food services	-	-	1,499,842	-	-	-	1,499,842
Administration							
All other administration	-	45,299	47,941	-	-	-	93,240
Plant services	-	-	24,598	44,897	-	-	69,495
Ancillary services	446,597	-	-	-	-	-	446,597
Facility acquisition and construction	-	-	290,008	35,728	281,158	-	606,894
Debt service							
Principal	-	-	-	-	-	535,000	535,000
Interest and other	-	-	-	-	-	1,498,373	1,498,373
Total expenditures	446,597	685,215	1,862,389	80,625	281,158	2,033,373	5,389,357

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	42,653	(11,069)	(32,252)	(36,360)	187,778	679,403	830,153
Other Financing Sources (Uses)							
Proceeds from bond issuances	-	-	-	-	-	9,137,533	9,137,533
Payment to escrow for refunded debt	-	-	-	-	-	(9,128,427)	(9,128,427)
Net Financing Sources (Uses)	-	-	-	-	-	9,106	9,106
Net Change in Fund Balances	42,653	(11,069)	(32,252)	(36,360)	187,778	688,509	839,259
Fund Balance - Beginning	346,679	70,588	365,316	407,666	804,278	1,251,663	3,246,190
Fund Balance - Ending	$ 389,332	$ 59,519	$ 333,064	$ 371,306	$ 992,056	$ 1,940,172	$ 4,085,449

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Washington Unified School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling $95,250 in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The total federal expenditures reported on the schedule differs from the total federal revenue recognized within the financial statements due to the unspent portion of the Child Development: Coronavirus Response and Relief Supplemental Apportionments Act revenue received.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 9,171,988
Child Development: Coronavirus Response and Relief Supplemental Apportionments Act	93.575	37,485
Total Schedule of Expenditures of Federal Awards		$ 9,209,473

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of 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.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Washington Unified School District
Fresno, 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 Washington Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Washington Unified School District's basic financial statements and have issued our report thereon dated February 22, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the Washington Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Washington Unified School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Washington Unified School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Washington Unified School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Fresno, California
February 22, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Washington Unified School District
Fresno, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Unified School District's major federal programs for the year ended June 30, 2022. Washington Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Washington Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Washington Unified School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Washington Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Eide Bailly LLP

Fresno, California
February 22, 2023

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Washington Unified School District
Fresno, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Washington Unified School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Proper Expenditure of Education Protection Account Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Proper Expenditure of Education Protection Account Funds

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding Proper Expenditure of Education Protection Account Funds as described in the accompanying schedule of state compliance findings and questioned costs as item 2022-002.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No (see below)
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
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)
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2020-2021 that were in Kindergarten in 2021-2022.

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District was not listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

Additionally, the Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fresno, California
February 22, 2023

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19, Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19, Expanded Learning Opportunities Grant ESSER II State Reserve	84.425D
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
Child Nutrition Cluster	10.555, 10.559, 10.582

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Unmodified

Unmodified for all programs except for the following program which was qualified

Name of Program
Proper Exependiture of Education Protection Account Funds

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 30000 – Internal Control

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our engagement, we identified material misstatements of the fair market value measurement of the District's Cash in County balances and Cash in Banks balance of the Student Activities Fund.

Questioned Costs

There were no questioned costs associated with the conditions identified.

Context

The conditions identified were a result of our audit of the fair market value measurement across all funds and an audit of the Cash in Banks balance in the Student Activity Fund. Districts are required to report investments (including cash in county) at the fair market value as of June 30, 2022 and to report the Cash in Banks at the reconciled June 30, 2022 cash balance.

Effect

The conditions resulted in the incorrect reporting of the fair market value of the cash in county balance and cash in banks balance as of June 30, 2022. Specifically, the following misstatements were noted across the District.

<u>Major Funds</u>
The General Fund reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $605,895.

The Building Fund reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $587,137.

The Special Reserve Fund for Capital Outlay Projects reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $130,789.

Aggregate Remaining Funds
The aggregate remaining funds had a reduction of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $162,511.

The Student Activity reduction of the Cash in Banks account of $19,448.

Governmental Activities
The Governmental Activities (the total of the misstatements discussed above) had a combined reduction of fund balance of $1,505,780.

Cause

A few factors contributed to the oversight. The fair market value adjustments are only performed once per year and can either increase the revenue or decrease the revenue. The District staff had prepared the entry correctly but then subsequently didn't record the entry.

The District incorrectly posted the Cash in Banks balance at the bank statement balances instead of the bank reconciliation balances as of June 30, 2022.

Additionally, the COVID-19 pandemic had lingering effects on the business office; that, coupled with additional responsibilities and issues requiring attention regarding COVID-19 grants, we feel this led to the oversight.

Repeat Finding

No.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department. This includes postings that are recorded the County Office of Education.

The District should create, or expand upon, a closing task list to include common areas and accounts that need review prior to finalizing the closing of the books such as fair market value adjustments and cash in banks ending balances.

Corrective Action Plan and Views of Responsible Officials

The District will institute and follow procedures to ensure that the fair market value of investments and cash in banks balances are calculated and recorded in the final District financial statements.

None reported.

The following finding represents a significant deficiency in internal control over compliance and an instance of noncompliance including questioned costs that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-002 40000 - Proper Expenditure of Education Protection Account Funds

Criteria

Proposition 30, *The Schools and Local Public Safety Protection Act of 2012*, approved by the voters on November 6, 2012, temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers. The new revenues generated from Proposition 30 are deposited into a newly created state account called the Education Protection Account (EPA). The California Constitution, Article XIII, Section 36(e), Paragraph (6) states "A community college district, county office of education, school district, or charter school shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district, county office of education, school district, and charter school shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent."

Condition

During our audit of EPA funds, we discovered the District used a portion of the funds for School Administration and General Administration, which is not compliant with the use of funds outlined in the California Constitution.

Effect

The disbursement of EPA funds for School Administration and General Administration costs has resulted in noncompliance totaling $178,126.

Cause

There is an internal control deficiency that allowed the funds to be incorrectly charged for non-qualifying expenditures.

Questioned Cost

The amount the District expended for School Administration was $71,039 and General Administration was $107,087.

Repeat Finding

No.

Recommendation

The District must have proper internal controls to ensure compliance with all State laws and regulations.

Corrective Action Plan and Views of Responsible Officials

The District will institute and follow procedures to ensure that the fair market value of investments is calculated and recorded in the final District financial statements.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.