

GALT JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

GALT JOINT UNION HIGH SCHOOL DISTRICT
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Galt Joint Union High School District
Galt, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galt Joint Union High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Galt Joint Union High School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Galt Joint Union High School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$303,089. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 19 and the General Fund Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 51 to 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of Galt Joint Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Galt Joint Union High 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 Galt Joint Union High School District's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California
January 26, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2021

This annual report consists of the following parts – Management’s Discussion & Analysis, the basic financial statements, required supplementary information, and supplementary information.

The Management’s Discussion and Analysis consists of six sections:

- **Overview of the Financial Statements** – Serves as a guide to reading the financial statements provided in the sections following the Management’s Discussion & Analysis.
- **Financial Highlights** – Emphasizes significant actions implemented by the District, as well as significant factors affecting the District.
- **Financial Analysis of the District as a Whole** – Illustrates the District’s current, as well as, long-term assets and liabilities.
- **Financial Analysis of the District’s Funds** – Illustrates and compares the District’s primary activities.
- **Capital Asset and Debt Administration** – Illustrates the District’s investment in capital assets and its level of debt.
- **Economic Factors and Next Year’s Budget** – Illustrates issues that management sees as relevant to the future financial health of the District.

The following section provides an overview of the District’s financial activities for the fiscal year ending June 30, 2021. It is management’s view of the District’s financial condition. It should be read in conjunction with the independent auditor’s opinion, the basic financial statements, and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

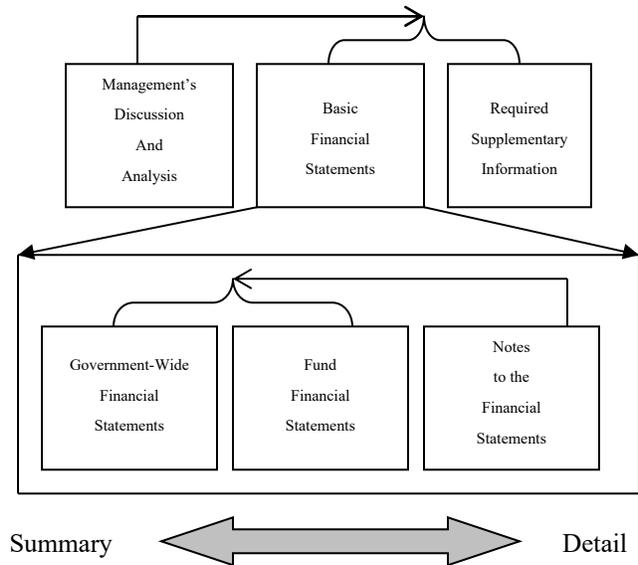
The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.

The fund financial statements can be further broken down into two types:

- *Governmental funds statements* illustrate how basic services (such as regular and special education) were financed in the short-term, as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the district acts solely as trustee or agent for the benefit of others to whom the resources belong. The District has no fiduciary funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the fiscal year. The diagram presented here shows how the various parts of the annual financial report are arranged and relate to one another.



The chart on the next page summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and content of each of the statements.

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Government Funds	Fiduciary Funds
Scope	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, additional non-financial factors (including the condition of the District's school buildings and other facilities) must be considered.

In the government-wide financial statements, the District's activities are reported as governmental activities. Most of the District's services are included here, such as regular education, special education, transportation and administration. Funding received from the State of California through the revenue limit, along with categorical and special funding received from the federal and state governments finance most of these activities.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

There is one fund type the District utilizes:

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

FINANCIAL HIGHLIGHTS

- The financial statements present the District's fiscal activity of expenditures, revenues, assets, liabilities, beginning, and ending fund balances.
- Fiscal year starts in July and ends in June.
- The financial statements reflect the District's educational policy into sound instructional programs and delivery systems through the prudent allocation of financial resources.

- School finance is a complex and dynamic process that evolves daily. There are many variables, which impact a school district's finances – including student enrollment, student attendance, inflation, school facilities, state and federal funding, state and national economy.
- The District's General Fund had a total operating surplus of \$1.81 million that was primarily due to a influx of state and federal funds due to COVID.
- The District's ending General Fund Balance was \$5.57 million.
- As of the California Longitudinal Pupil Achievement Data System (CALPADS) reporting date, October 2020, the District had approximately 2,209 students that attended the District, which was a decrease of 4 students from the prior year.
- Actual ADA was 2,075 (excludes county office pass-through ADA of 59). Funded ADA is based on the District's 2019-20 ADA since ADA for 2020-21 is not being reported to the State, and a "hold harmless" provision applies.
- During the fiscal year, the District earned \$10,749 per student vs. \$10,975 per student that was earned during 2019/20. The decrease was primarily due to the decline in the District's Unduplicated Pupil Percentage from 58.31% to 54.80%, resulting in the elimination of Concentration Funding.
- The ratio of attendance to CALPADS enrollment was approximately 94%.
- As a result of the continued economic recovery in Galt's housing market, the District collected \$6.9 million in property taxes in the current fiscal year. During 2019/20, the District collected \$6.7 million in property taxes. Due to State's funding formula, the increase in property taxes does not affect the District's revenue; it does however, affect timing of the District's cash resources during the year.
- The District's General Fund ending cash balance was approximately \$5.56 million.
- The District has settled with their labor groups for the 2020/21 school year.
- The District entered into a capital lease for \$5.4 million of bridge financing funds for the remediation and reconstruction of Building 700 at Liberty Ranch High School in 2019-20. The District received State Hardship funds in the amount of \$3,356,563, which was used to pay down the principal of the bridge financing.
- The District made a \$480,000 contribution to its Special Reserve Fund (Fund 40). This includes \$100,000 for each of the comprehensive sites to fund the resurfacing of the tracks and fields, when those facilities are in need of repair. It also includes an additional \$280,000 for the replacement of technology infrastructure once the current equipment's lifespan has been reached.

- **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

A review of the District as a whole can best be seen in the strength of the District’s net position and the subsequent changes in net position.

The computation of the District net position is presented by category in the table below:

	Government-Wide Statement of Net Position		
	June 30, 2020	June 30, 2021	% Variance
Assets:			
Cash	\$ 12,838,930	\$ 9,271,629	
Receivables	4,063,476	4,137,879	
Prepaid Expenses	130,908	81,880	
Inventories	15,621	8,553	
Non-depreciable Capital Assets	20,322,515	9,985,671	
Capital Assets, net of Depreciation	79,592,629	91,386,732	
Total Assets	\$ 116,964,079	\$ 114,872,344	-1.79%
Deferred Outflows of Resources:			
Deferred Loss on Debt Refunding	\$ 1,142,950	\$ 1,047,139	
Deferred Outflow of Resources-Pensions	7,451,775	6,580,583	
Total Deferred Outflows	\$ 8,594,725	\$ 7,627,722	-11.25%
Liabilities:			
Accounts Payable	\$ 3,884,420	\$ 3,897,957	
Unearned Revenue	364,567	1,186,792	
Long-term Liabilities			
Current Portion	1,874,070	1,655,348	
Non-Current Portion	92,346,201	87,342,051	
Total Liabilities	\$ 98,469,258	\$ 94,082,148	-4.46%
Deferred Inflows of Resources:			
Deferred Inflow of Resources-Pensions	\$ 1,951,000	\$ 2,410,000	
Total Deferred Inflows	\$ 1,951,000	\$ 2,410,000	23.53%
Net Position:			
Net Invested in Capital Assets	\$ 42,785,397	\$ 42,595,112	
Restricted	873,441	1,708,072	
Capital Projects	2,104,095	1,049,072	
Debt Service	2,831,013	2,320,718	
Unrestricted	(23,455,400)	(21,665,056)	
Total Net Position	\$ 25,138,546	\$ 26,007,918	3.46%

It should be noted that land is accounted for at purchase value, not market value, and is not depreciated. Most of the District's school sites have low values for today's market because the District acquired the land decades ago. This valuation of land is consistent with accounting rules set forth by the Governmental Accounting Standards Board (GASB).

Although the land and buildings owned by the District contribute to its net position, they are not available as assets that could be liquidated because of the nature of the District's operations and the fact that the District will be utilizing these assets fully for the foreseeable future.

Statement of Activities

A summary of total District revenues, expenses, and change in net position is presented in the table below:

	Government-Wide Activities		
	2019/20	2020/21	% Variance
Revenues – Program:			
Charges for Services	\$ 214,646	\$ 405,807	
Operating Grants and Contributions	5,072,774	8,039,695	
Capital Grants and Contributions	1,075,341	3,363,912	
Taxes Levied for General Purposes	6,723,061	6,953,880	
Taxes Levied for Other Debt Service	3,152,984	3,161,037	
Taxes Levied for Other Specific Purposes	51,730	55,643	
Unrestricted Federal and State Aid	17,227,613	16,518,048	
Interest and Investment Earnings	1,007,140	16,154	
Interagency Revenues	157,039	173,736	
Other General Revenues	224,910	135,564	
Total Revenues	\$34,907,238	\$38,823,476	11.22%
Expenses			
Instruction	\$ 19,402,208	\$ 19,555,683	
Instruction Related	2,803,471	3,367,788	
Pupil Services	3,094,300	3,583,377	
General Administration	4,903,618	2,701,051	
Plant Services	2,749,995	2,936,505	
Ancillary Services	1,007,008	1,140,955	
Community Services	0	0	
Interest on Long-Term Liabilities	2,021,194	3,240,622	
Other Outgo	710,508	1,731,212	
Total Expenses	\$ 36,692,302	\$ 38,257,193	4.26%
(Decrease) Increase in Net Position:			
Net Position, Beginning of the Year	\$ (1,785,064)	\$ 566,283	
Net Position, Beginning of the Year	26,923,610	25,138,546	
Cumulative effect of GASB 84 implementation		303,089	
Net Position, End of the Year	\$ 25,138,546	\$ 26,007,918	3.46%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

FUND	Balance June 30, 2020	Net Activity	Balance June 30, 2021
GENERAL FUND (UNRESTRICTED & RESTRICTED)	\$3,753,129	\$1,814,913	\$5,568,042
STUDENT ACTIVITY FUND	\$0	\$237,713	\$237,713
ADULT EDUCATION FUND	\$25,994	\$5,221	\$31,215
CAFETERIA FUND	\$231,866	(\$78,232)	\$153,634
DEFERRED MAINTENANCE FUND	\$13,590	\$90	\$13,680
BUILDING FUND	\$2,712,662	(\$2,591,508)	\$121,154
CAPITAL FACILITIES FUND	\$101,886	\$452,169	\$554,055
COUNTY SCHOOL FACILITIES FUND	\$10,124	\$7,349	\$17,473
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY FUND	\$1,992,085	(\$1,515,959)	\$476,126
BLENDED COMPONENT UNITS CAPITAL PROJECT FUND	\$1,410	\$8	\$1,418
BOND INTEREST & REDEMPTION FUND	\$2,851,732	(\$531,014)	\$2,320,718
TOTAL	\$11,694,478	(\$2,199,250)	\$9,495,228

As the District completed the year, its funds reported a combined fund balance of \$9.5 million in 2020/21, which is illustrated above. Approximately 12% (\$1.17 million) of the District's ending fund balance is restricted for capital expenditures, and approximately 24% (\$2.32 million) of the District's ending fund balance is restricted for general obligation bond payments.

2020/21 Financial Comparison and Analysis

GENERAL FUND SUMMARY

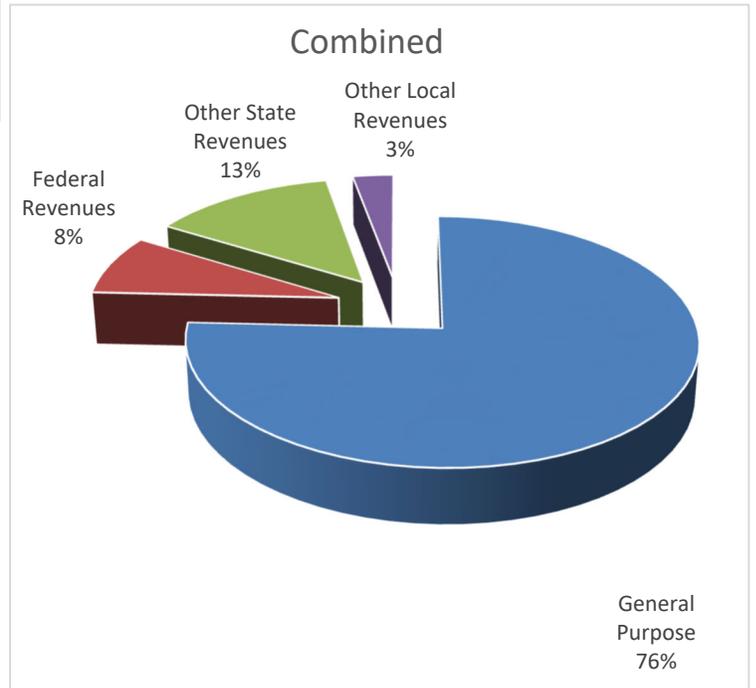
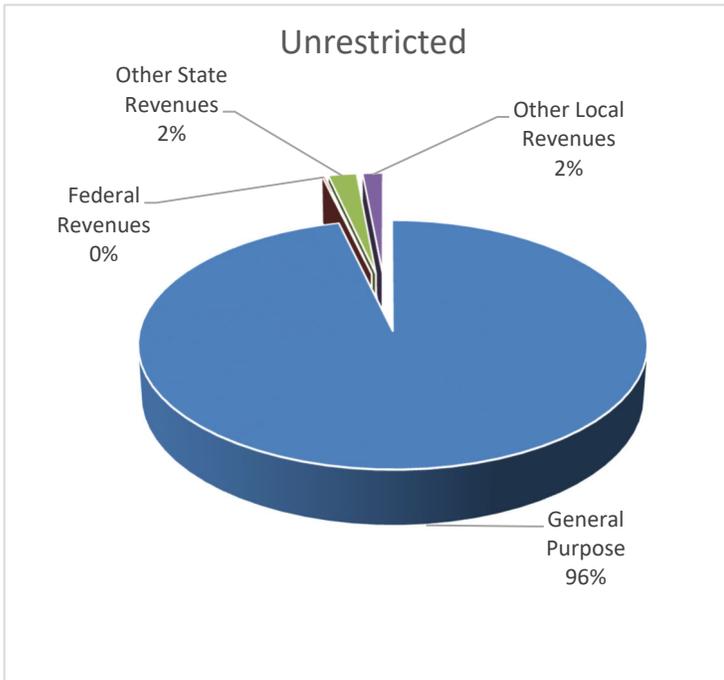
Description	2019/20 Audited Statements	2020/21 Audited Statements	Difference
Beginning Balance	3,404,938	3,753,129	348,191
Revenues / Transfers In	28,220,930	30,327,729	2,106,799
Expenditures / Transfers Out	27,872,739	28,512,816	640,077
Ending Balance	3,753,129	5,568,042	1,814,913

The increase in both revenue and expenditure activity is primarily due to the COVID/ESSER funds that the District received from the State and Federal Government.

General Fund Revenue Components

The District receives funding for its general operations from various sources. The types of major funding sources are illustrated below:

Description	Unrestricted	Combined
General Purpose Revenue (LCFF)	\$22,935,042	\$22,935,042
Federal Revenues	\$42,621	\$2,406,148
Other State Revenues	\$494,800	\$4,049,156
Other Local Revenues	\$354,177	\$885,653
TOTAL	\$23,826,640	\$30,275,999

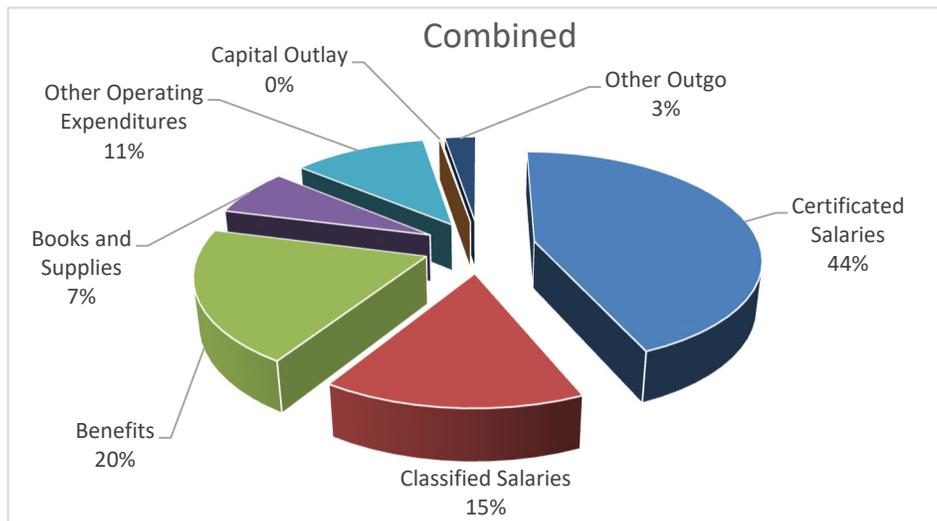
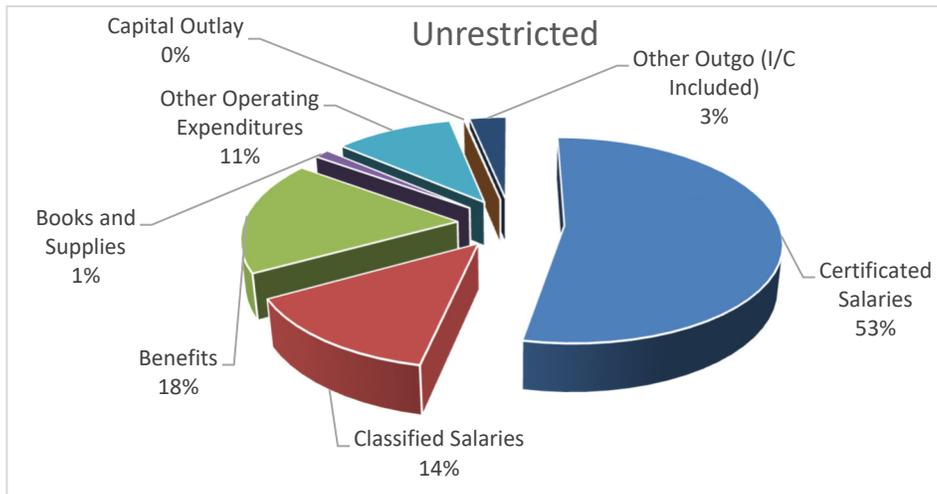


General Fund Expenditures

The General Fund is used for the majority of the functions within the District. As illustrated below, salaries and benefits comprise approximately 85% of the District’s unrestricted budget, and approximately 79% of the total General Fund budget.

Description	Unrestricted	Combined
Certificated Salaries	\$10,053,754	\$12,178,434
Classified Salaries	\$2,581,328	\$4,331,272
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$3,390,273	\$5,590,407
Books and Supplies	\$254,817	\$1,967,672
Other Operating Expenditures	\$1,966,233	\$2,970,794
Capital Outlay	\$15,378	\$38,557
Other Outgo (Includes Indirect Cost Recaptures)	\$611,619	\$955,680
TOTAL	\$18,873,402	\$28,032,816

Following is a graphical description of expenditures by percentage:



General Fund Contributions to Restricted Programs

The following contributions of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue:

Description	Amount
Career Technology Education / Agriculture	\$55,257
Restricted Maintenance Account	\$1,563,412
Special Education	\$1,760,931
Workability Program	\$42,371
TOTAL	\$3,421,971

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets at Year-End (Net of Depreciation)

	2019/20	2020/21	Difference
Land	\$ 1,124,616	\$ 1,124,616	\$ 0
Work in Progress	19,197,899	8,861,055	-10,336,844
Improvement of Sites	17,711,165	17,734,344	23,179
Buildings	88,978,424	103,879,789	14,901,365
Equipment	5,227,928	5,227,928	0
Totals	\$ 132,240,032	\$ 136,827,732	\$ 4,587,700

By the end of 2020/21, the District had invested a total of \$4.59 million into capital assets that primarily consisted of work in process, as well as, new equipment. The increase in the District's capital assets consists of recognizing depreciation expense for the 2020/21 fiscal year in the amount of \$3.13 million.

Outstanding Debt at Year-End

	2019/20	2020/21	Difference
General Obligation Bonds	\$ 56,890,000	\$ 55,415,000	-\$ 1,475,000
Unamortized Premium	2,269,585	2,170,225	-99,360
Capitalized Leases	419,428	245,786	-173,642
Lease Financing (Direct Placement)	5,475,000	2,114,573	-3,360,427
Compensated Absences	123,498	108,042	-15,456
Net Pension Liability	28,972,000	28,916,000	-56,000
Post-retirement Benefits	70,759	27,773	-42,986
Totals	\$ 94,220,270	\$ 88,997,399	-\$ 5,222,871

As illustrated above, the District's long-term liabilities experienced a net decrease primarily due to paying down the lease financing loan with hardship funds received from the state.

ECONOMIC FACTORS AND NEXT YEAR'S ADOPTED BUDGET

Governor Newsom released his proposed Revised State budget on May 14th for the upcoming 2021-22 fiscal year. The state's General Fund budget has recovered significantly reflecting a \$75.7 billion surplus. As a result, the May Revision estimates that the Gann Limit could be exceeded for the 2020–21 and 2021–22 fiscal years by \$16.2 billion. Since the Gann Limit limits the allowable growth in state and local government spending (including school districts), any amounts over the threshold limit must be evenly distributed between education and refunds. The May Revision allocates the whole \$16.2 billion estimate by providing tax refunds through the Golden State Stimulus program, and allocating the balance of \$8.1 billion to K–14 schools in 2022–23 as a supplement to Proposition 98 funds.

Proposition 98 funding is estimated to be \$93.7 billion, which is an increase of \$17.7 billion over January estimates. Additionally, Proposition 98 funding level for 2020-21 is estimated to increase from \$82.8 billion to \$92.8 billion.

LCFF Cost-of-Living-Adjustment (COLA): The Governor proposes an increase to the Local Control Funding Formula (LCFF) by 5.07% in the following manner:

- Increase the LCFF by the 2020-21 COLA of 2.31%
- Increase the LCFF by 2.76% (statutory 2021-22 COLA of 1.70% plus an additional 1% to address ongoing fiscal pressures, and compounding the sum by the 2020-21 2.31% COLA)
 - $(1.70\% + 1.00\%) \times 1.0231 = 2.76\%$

Other Program Cost-of-Living-Adjustment (COLA): The COLA relating to special education is proposed to increase by the 2020-21 COLA of 2.31% and 2021-22 COLA of 1.70%, resulting in a COLA of 4.05% after compounding. Other programs (i.e. mandated block grant, nutrition, state preschool) are projected to only receive the 2021-22 statutory COLA of 1.70%.

Deferrals: Due to the improved economy above January projections, the Governor proposes to further reduce the deferrals by an additional \$1.1 billion over January's proposal of \$9.2 billion resulting in a 2021-22 fiscal year ending balance of \$2.61 billion deferred.

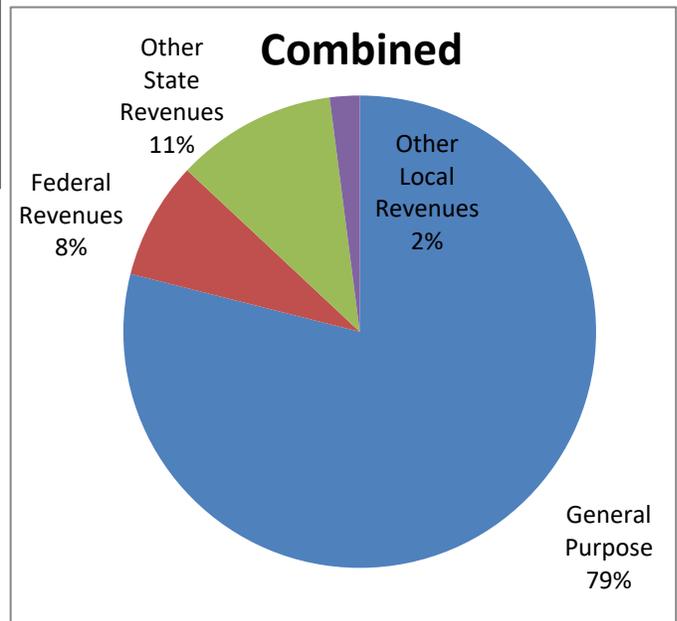
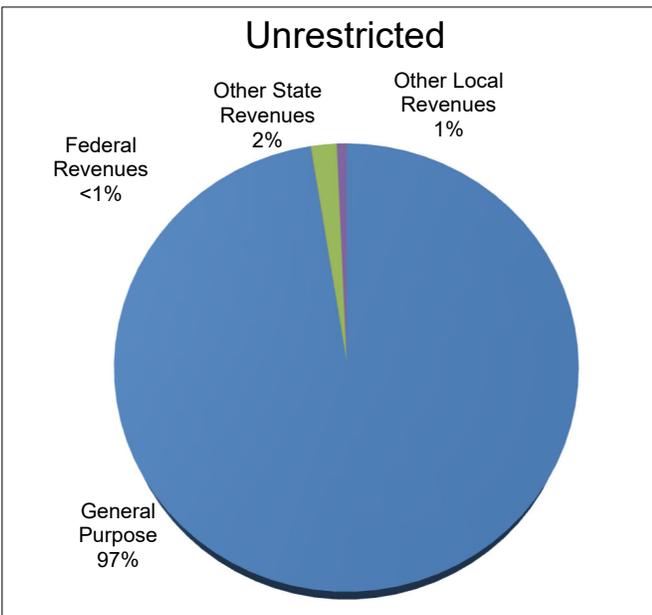
2021-22 Galt Joint Union High School District Primary Budget Components

- ❖ Average Daily Attendance (ADA) is estimated at 2047.33 (excludes COE ADA of 58.59).
 - Due to declining enrollment the funded ADA will be based on the prior year ADA of 2074.27.
- ❖ The District's estimated unduplicated pupil percentage for supplemental and concentration funding is estimated to be 52.97%. The percentage will be revised based on actual data.
- ❖ Lottery revenue is estimated by SSC to be \$150 per ADA for unrestricted purposes and \$49 per ADA for restricted purposes.
- ❖ Mandated Cost Block Grant is \$32.79 for K-8 ADA and \$63.17 for 9-12 ADA.
- ❖ Except as illustrated under Contributions to Restricted Programs, all federal and state restricted categorical programs are self-funded.

General Fund Revenue Components

The District receives funding for its general operations from various sources. A summary of the major funding sources is illustrated below:

Description	Unrestricted	Combined
General Purpose Revenue (LCFF)	\$24,004,738	\$24,004,738
Federal Revenues	\$5,000	\$2,444,054
Other State Revenues	\$454,330	\$3,341,303
Other Local Revenues	\$173,172	\$619,242
TOTAL	\$24,637,240	\$30,409,337

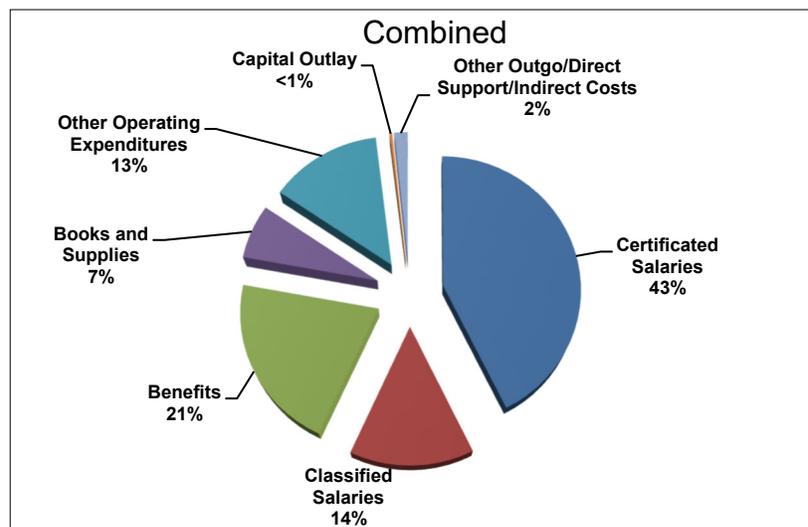
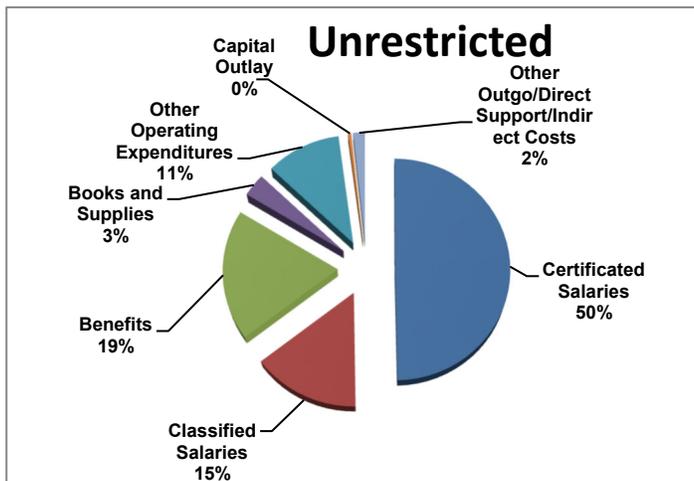


Operating Expenditure Components

The General Fund is used for the majority of the functions within the District. As illustrated below, salaries and benefits comprise approximately 84% of the District's unrestricted budget, and approximately 78% of the total General Fund budget.

Description	Unrestricted	Combined
Certificated Salaries	\$10,344,280	\$13,084,159
Classified Salaries	\$3,093,064	\$4,332,468
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$3,966,169	\$6,428,936
Books and Supplies	\$699,972	\$2,023,408
Other Operating Expenditures	\$2,252,386	\$4,164,443
Capital Outlay	\$96,212	\$96,212
Other Outgo/Direct Support/Indirect Costs	\$346,711	\$497,967
TOTAL	\$20,798,794	\$30,627,593

Following is a graphical representation of expenditures by percentage:



General Fund Contributions to Restricted Programs

The following contributions of unrestricted resources to restricted programs are necessary to cover restricted program expenditures in excess of revenue:

Description	Amount
Special Education - Instruction	\$2,092,861
Restricted Maintenance Account	\$1,013,250
Agriculture Vocational Education	\$51,257
TOTAL CONTRIBUTIONS	\$3,157,368

General Fund Summary

The District's 2021-22 General Fund projects a total operating deficit of \$218,256 resulting in an estimated ending fund balance of \$4.17 million. The components of the District's fund balance are as follows: revolving cash & other nonspendables - \$10,000; restricted programs - \$305,460; economic uncertainty - \$918,900; assigned - \$1,936,853, and unassigned - \$1,003,055. In accordance with SB 858 a detail description of assigned & unassigned balances is illustrated below.

Cash Flow

The District is anticipating having positive monthly cash balances during the 2021-22 school year. Cash is always closely monitored in order to ensure the District is liquid to satisfy its obligations.

Fund Summaries

Illustrated below is a summary of each Fund's fund balance and corresponding change.

FUND	2020-21	Est. Net Change	2021-22
GENERAL (UNRESTRICTED & RESTRICTED)	\$4,392,524	(\$218,256)	\$4,174,268
ADULT EDUCATION	\$1	\$0	\$1
CAFETERIA FUND	\$255,795	\$0	\$255,795
DEFERRED MAINTENANCE	\$13,790	\$200	\$13,990
BUILDING FUND	\$369	\$0	\$369
CAPITAL FACILITIES	\$401,222	\$125,979	\$527,201
COUNTY SCHOOL FACILITIES	\$14,533	\$0	\$14,533
CAPITAL OUTLAY	\$568,843	\$0	\$568,843
CAPITAL PROJECT	\$1,414	\$0	\$1,414
TOTAL	\$5,648,491	(\$92,077)	\$5,556,414

Contacting the District's Financial Management

This financial report is designed to provide our parents, citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact:

Corey Reihl
Chief Business Official
Galt Joint Union High School District
150 Camellia Way
Galt, CA 95632
(209) 745-3094

BASIC FINANCIAL STATEMENTS

GALT JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 9,271,629
Receivables	4,137,879
Stores inventory	8,553
Prepaid expenses	81,880
Non-depreciable capital assets (Note 4)	9,985,671
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>91,386,732</u>
Total assets	<u>114,872,344</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss from refunding of debt	1,047,139
Deferred outflows of resources - pensions (Notes 7 and 8)	<u>6,580,583</u>
Total deferred outflows	<u>7,627,722</u>
LIABILITIES	
Accounts payable	3,897,957
Unearned revenue	1,186,792
Long-term liabilities (Note 5):	
Due within one year	1,655,348
Due after one year	<u>87,342,051</u>
Total liabilities	<u>94,082,148</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>2,410,000</u>
NET POSITION	
Net investment in capital assets	42,595,112
Restricted:	
Legally restricted programs	1,708,072
Capital projects	1,049,072
Debt service	2,320,718
Unrestricted	<u>(21,665,056)</u>
Total net position	<u><u>\$ 26,007,918</u></u>

The accompanying notes are an integral
part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 19,555,683	\$ 401,720	\$ 4,780,058	\$ 3,363,912	\$ (11,009,993)
Instruction-related services:					
Instructional supervision and administratic	778,919	-	303,614	-	(475,305)
Instructional library, media and technology	69,908	-	8,397	-	(61,511)
School site administration	2,518,961	538	336,355	-	(2,182,068)
Pupil services:					
Home-to-school transportation	991,525	-	71,172	-	(920,353)
Food services	1,057,498	707	880,941	-	(175,850)
All other pupil services	1,534,354	6	300,527	-	(1,233,821)
General administration:					
Data processing	1,195,172	786	753,278	-	(441,108)
All other general administration	1,505,879	813	204,024	-	(1,301,042)
Plant services	2,936,505	44	185,966	-	(2,750,495)
Ancillary services	1,140,955	1,193	215,363	-	(924,399)
Interest on long-term liabilities	3,240,622	-	-	-	(3,240,622)
Other outgo	1,731,212	-	-	-	(1,731,212)
	<u>\$ 38,257,193</u>	<u>\$ 405,807</u>	<u>\$ 8,039,695</u>	<u>\$ 3,363,912</u>	<u>(26,447,779)</u>
General revenues:					
Taxes and subventions:					
					6,953,880
Taxes levied for general purposes					3,161,037
Taxes levied for debt service					55,643
Taxes levied for other specific purposes					16,518,048
Federal and state aid not restricted to specific purposes					16,154
Interest and investment earnings					173,736
Interagency transfers					135,564
Miscellaneous					27,014,062
					566,283
Total general revenues and transfers					25,138,546
Change in net position					303,089
Net position, July 1, 2020					25,441,635
					26,007,918
Cumulative effect of GASB 84 implementation					26,007,918
Net position, July 1, 2020, as restated					26,007,918
Net position, June 30, 2021					\$ 26,007,918

The accompanying notes are an integral
part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 5,504,322	\$ 2,331,011	\$ 1,060,083	\$ 8,895,416
Cash on hand and in banks	39,016	-	243,333	282,349
Cash in Revolving Cash Account	10,000	-	-	10,000
Cash with Fiscal Agent/Trustee	-	-	79,028	79,028
Cash awaiting deposits	4,816	-	20	4,836
Receivables	1,066,856	4,220	198,165	1,269,241
Due from Grantor Government	2,868,638	-	-	2,868,638
Due from other funds	51,730	-	516,718	568,448
Stores inventory	-	-	8,553	8,553
Prepaid expenditures	81,880	-	-	81,880
	<u>81,880</u>	<u>-</u>	<u>-</u>	<u>81,880</u>
Total assets	<u>\$ 9,627,258</u>	<u>\$ 2,335,231</u>	<u>\$ 2,105,900</u>	<u>\$ 14,068,389</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,362,870	\$ -	\$ 447,702	\$ 2,810,572
Due to Grantor Government	7,349	-	-	7,349
Unearned revenue	1,172,279	14,513	-	1,186,792
Due to other funds	516,718	-	51,730	568,448
	<u>4,059,216</u>	<u>14,513</u>	<u>499,432</u>	<u>4,573,161</u>
Total liabilities	<u>4,059,216</u>	<u>14,513</u>	<u>499,432</u>	<u>4,573,161</u>
Fund balances:				
Nonspendable	91,880	-	8,553	100,433
Restricted	1,271,830	2,320,718	1,597,915	5,190,463
Assigned	1,800,201	-	-	1,800,201
Unassigned	2,404,131	-	-	2,404,131
	<u>5,568,042</u>	<u>2,320,718</u>	<u>1,606,468</u>	<u>9,495,228</u>
Total fund balances	<u>5,568,042</u>	<u>2,320,718</u>	<u>1,606,468</u>	<u>9,495,228</u>
Total liabilities and fund balances	<u>\$ 9,627,258</u>	<u>\$ 2,335,231</u>	<u>\$ 2,105,900</u>	<u>\$ 14,068,389</u>

The accompanying notes are an integral
part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - Governmental Funds \$ 9,495,228

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

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$136,827,732 and the accumulated depreciation is \$35,455,329 (Note 4). 101,372,403

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 June 30, 2021 consisted of (Note 6):

General Obligation Bonds	\$ (55,415,000)	
Unamortized premiums	(2,170,225)	
Capitalized leases	(245,786)	
Compensated absences	(108,042)	
Lease financing	(2,114,573)	
Net pension liability (Notes 7 and 8)	(28,916,000)	
Other Post-retirement benefits (Note 9)	<u>(27,773)</u>	
		(88,997,399)

Deferred outflows of resources resulting from defeasance of debt are not recorded in governmental funds. In governmental activities, for advanced refundings resulting in the defeasance of debt reported in the governmental activities, the difference between the reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources. 1,047,139

In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).

Deferred outflows of resources relating to pensions	6,580,583	
Deferred inflows of resources relating to pensions	<u>(2,410,000)</u>	
		4,170,583

Unmatured interest is not recognized until it is due and, therefore is not accrued as a payable in governmental funds. (1,080,036)

Total net position - governmental activities \$ 26,007,918

The accompanying notes are an integral part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year June 30, 2021

	General Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 16,002,259	\$ -	\$ -	\$ 16,002,259
Local sources	6,932,783	-	-	6,932,783
Total LCFF	<u>22,935,042</u>	<u>-</u>	<u>-</u>	<u>22,935,042</u>
Federal sources	2,406,149	-	783,909	3,190,058
Other state sources	4,049,155	5,917	3,783,600	7,838,672
Other local sources	885,653	3,129,782	643,267	4,658,702
Total revenues	<u>30,275,999</u>	<u>3,135,699</u>	<u>5,210,776</u>	<u>38,622,474</u>
Expenditures:				
Current:				
Certificated salaries	12,178,434	-	114,677	12,293,111
Classified salaries	4,331,272	-	602,592	4,933,864
Employee benefits	5,590,407	-	235,309	5,825,716
Books and supplies	1,967,672	-	555,970	2,523,642
Contract services and operating expenditures	2,970,794	-	426,449	3,397,243
Other outgo	629,449	-	-	629,449
Capital outlay	38,557	-	4,133,724	4,172,281
Debt service:				
Principal retirement	177,506	1,475,000	3,356,563	5,009,069
Interest	148,725	2,191,713	-	2,340,438
Total expenditures	<u>28,032,816</u>	<u>3,666,713</u>	<u>9,425,284</u>	<u>41,124,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,243,183</u>	<u>(531,014)</u>	<u>(4,214,508)</u>	<u>(2,502,339)</u>
Other financing sources (uses):				
Transfers in	51,730	-	480,000	531,730
Transfers out	(480,000)	-	(51,730)	(531,730)
Total other financing sources (uses)	<u>(428,270)</u>	<u>-</u>	<u>428,270</u>	<u>-</u>
Net change in fund balances	1,814,913	(531,014)	(3,786,238)	(2,502,339)
Fund balances, July 1, 2020	3,753,129	2,851,732	5,089,617	11,694,478
Cumulative effect of GASB 84 implementation	-	-	303,089	303,089
Fund balances, July 1, 2020, as restated	<u>3,753,129</u>	<u>2,851,732</u>	<u>5,392,706</u>	<u>11,997,567</u>
Fund balances, June 30, 2021	<u>\$ 5,568,042</u>	<u>\$ 2,320,718</u>	<u>\$ 1,606,468</u>	<u>\$ 9,495,228</u>

The accompanying notes are an integral
part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds		\$ (2,502,339)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 4,587,700	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(3,130,441)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	5,009,069	
Debt issuance premiums are recognized as revenue in the period they are incurred. In the government-wide statements, issuance premiums are amortized over the life of the debt (Note 5).	99,360	
Unmatured interest is not recognized until it is due and, therefore, is not an expenditure in governmental funds.	25,434	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8).	(3,485,131)	
In governmental funds, deferred losses related to debt refundings are not recognized. In government-wide statements, deferred outflows of resources are amortized over the life of the debt.	(95,811)	
In the statement of activities, expenses related to compensated absences and post-retirement benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	58,442	3,068,622
Change in net position of governmental activities		\$ 566,283

The accompanying notes are an integral part of these financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities.

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

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole.

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

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

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds:

General Fund:

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

Bond Interest and Redemption Fund:

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

B - Other Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This classification includes the Student Activity, Adult Education, Cafeteria and Deferred Maintenance Funds.

The Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the District. This classification includes the Building, Capital Facilities, County School Facilities, Special Reserve for Capital Outlay Projects and the Capital Projects for Blended Component Units Fund.

The Student Body Fund is an agency fund for which the District acts as an agent for all the cash activity of the student body organization.

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula funding and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2021.

Stores Inventory: Inventories are valued at average cost method. Inventory recorded in the Cafeteria Fund consists mainly of consumable supplies. Inventories are recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

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

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 4,658,824	\$ 1,921,759	\$ 6,580,583
Deferred inflows of resources	\$ 2,227,000	\$ 183,000	\$ 2,410,000
Net pension liability	\$ 18,896,000	\$ 10,020,000	\$ 28,916,000
Pension expense	\$ 3,682,747	\$ 1,796,763	\$ 5,479,510

Compensated Absences: Compensated absences totaling \$108,042 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the District if all the benefits were to be paid.

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

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2021, no such designation has occurred.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E - Unassigned Fund Balance:

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2021, the District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than 3% of General Fund expenditures and other financing uses. At June 30, 2021, the District was in compliance with their policy.

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

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

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

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$303,089.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2021 consisted of the following:

	<u>Governmental Funds</u>
Pooled Funds:	
Cash in County Treasury	\$ 8,895,416
Deposits:	
Cash on hand and in banks	282,349
Revolving cash fund	10,000
Cash awaiting deposits	4,836
Cash with Fiscal Agent:	
Restricted for capital projects and debt repayment	<u>79,028</u>
	<u>\$ 9,271,629</u>

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Sacramento County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value 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.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

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

Deposits - Custodial Credit Risk: Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$297,185, and the bank balance was \$292,349, of which \$250,000 was FDIC insured.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to cash and investments.

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

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no concentration of credit risk.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 51,730	\$ 516,718
Non-Major Funds:		
Adult Education	4,063	17,372
Cafeteria	32,655	34,358
Special Reserve for Capital Outlay Projects	480,000	-
Totals	\$ 568,448	\$ 568,448

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

Transfers for the 2020-2021 fiscal year were as follows:

Transfer from the General Fund to the Special Reserve for Capital Outlay Fund for the replacement of artificial turf fields and technology refresh.	\$ 480,000
Transfer from the Adult Education Fund to the General Fund for indirect costs.	17,372
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	34,358
Total	\$ 531,730

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, <u>2020</u>	Additions and Transfers	Deductions and Transfers	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 1,124,616	\$ -	\$ -	\$ 1,124,616
Work-in-process	19,197,899	3,995,354	14,332,198	8,861,055
Depreciable:				
Improvements of sites	17,711,165	23,179	-	17,734,344
Buildings	88,978,424	14,901,365	-	103,879,789
Equipment	<u>5,227,928</u>	<u>-</u>	<u>-</u>	<u>5,227,928</u>
Totals, at cost	<u>132,240,032</u>	<u>18,919,898</u>	<u>14,332,198</u>	<u>136,827,732</u>
Less accumulated depreciation:				
Improvements of sites	(2,117,392)	(686,321)	-	(2,803,713)
Buildings	(26,225,997)	(2,140,454)	-	(28,366,451)
Equipment	<u>(3,981,499)</u>	<u>(303,666)</u>	<u>-</u>	<u>(4,285,165)</u>
Total accumulated depreciation	<u>(32,324,888)</u>	<u>(3,130,441)</u>	<u>-</u>	<u>(35,455,329)</u>
Capital assets, net	<u>\$ 99,915,144</u>	<u>\$ 15,789,457</u>	<u>\$ 14,332,198</u>	<u>\$ 101,372,403</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,045,207
School site administration	670
Home-to-school transportation	46,749
Food services	7,898
Ancillary services	782
Centralized data processing	1,361
Plant services	<u>27,774</u>
	<u>\$ 3,130,441</u>

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2021 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2020</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2021</u>
2012 2015	3.28%	2031	\$ 16,805,000	\$ -	\$ 1,225,000	\$ 15,580,000
Refunding 2016, Series 2017 2016, Series 2018	3.34%	2030	5,185,000	-	-	5,185,000
	3.25%-5.00%	2046	14,900,000	-	-	14,900,000
	4.5%	2047	20,000,000	-	250,000	19,750,000
			<u>\$ 56,890,000</u>	<u>\$ -</u>	<u>\$ 1,475,000</u>	<u>\$ 55,415,000</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,325,000	\$ 2,122,963	\$ 3,447,963
2023	1,425,000	2,054,213	3,479,213
2024	1,630,000	2,000,763	3,630,763
2025	1,815,000	1,923,013	3,738,013
2026	1,975,000	1,864,413	3,839,413
2027-2031	12,815,000	8,254,472	21,069,472
2032-2036	7,650,000	6,140,531	13,790,531
2037-2041	8,860,000	4,534,331	13,394,331
2042-2046	11,645,000	2,528,350	14,173,350
2047-2048	6,275,000	280,750	6,555,750
	<u>\$ 55,415,000</u>	<u>\$ 31,703,799</u>	<u>\$ 87,118,799</u>

On December 12, 2012, the District issued 2012 General Obligation Bonds in the amount of \$19,870,000 for the purpose of refunding \$18,585,000 of 2005 Series A and Series B General Obligation Bonds. The Bond accrues interest up to a maximum of 3.28% per annum from the date of the issuance and is payable semi-annually on February 1 and August 1 of each year through August 2031.

On December 10, 2015, the District issued the 2015 Refunding General Obligation Refunding Bonds to refund certain portions of 2005, Series A general obligation bonds in the amount of \$6,850,000. The Bond accrues interest up to a maximum of 3.34% per annum from the date of the issuance and is payable semi-annually on February 1 and August 1 of each year through August 2030.

On May 31, 2017, the District issued Election of 2016, Series 2017 General Obligation Bonds in the amount of \$16,000,000 to construct finance school facilities, properties, and equipment. The Bond accrues interest at rates between 3.25% - 5.00% per annum from the date of the issuance and is payable annually on August 1 of each year through August 2046.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On October 17, 2018, the District issued Election of 2016, Series 2018 General Obligation Bonds in the amount of \$20,000,000 to construct finance school facilities, properties, and equipment. The Bond accrues interest at rates between 4.0% - 5.0% per annum from the date of the issuance and is payable annually on August 1 of each year through August 2047.

Capitalized Lease Obligations: The District is leasing equipment under long-term lease purchase agreements with capitalized value of \$626,257 and accumulated depreciation of \$237,514. The following is a summary of future payments on the capital leases:

Year Ending <u>June 30,</u>	Annual <u>Payments</u>
2022	\$ 126,889
2023	<u>126,889</u>
	253,778
Less Interest:	<u>(7,992)</u>
Present value of net minimum lease payment	<u><u>\$ 245,786</u></u>

Lease Financing: The District entered into a lease financing arrangement on May 1, 2021 at a rate of 2.81%. Interest only payments are due beginning November 1, 2021, with principal and interest payments beginning in May 2023 and concluding in May 2035. The following is a summary of future payments on the lease financing:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 59,419	\$ 59,419
2023	140,000	59,419	199,419
2024	140,000	55,486	195,486
2025	145,000	51,551	196,551
2026	150,000	47,477	197,477
2027-2031	810,000	171,771	981,771
2032-2035	<u>729,573</u>	<u>51,937</u>	<u>781,510</u>
	<u><u>\$ 2,114,573</u></u>	<u><u>\$ 497,060</u></u>	<u><u>\$ 2,611,633</u></u>

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

	Balance			Balance	Amounts
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>	<u>Due Within</u>
					<u>One Year</u>
<u>Debt:</u>					
General Obligation Bonds	\$ 56,890,000	\$ -	\$ 1,475,000	\$ 55,415,000	\$ 1,325,000
Unamortized premiums	2,269,585	-	99,360	2,170,225	100,726
Capitalized leases	419,428	-	173,642	245,786	121,580
Lease financing (direct placement)	5,475,000	-	3,360,427	2,114,573	-
<u>Other long-term liabilities:</u>					
Compensated absences	123,498	-	15,456	108,042	108,042
Net pension liability (Notes 7 and 8)	28,972,000	-	56,000	28,916,000	-
Post-retirement benefits (Note 9)	70,759	-	42,986	27,773	-
	<u>\$ 94,220,270</u>	<u>\$ -</u>	<u>\$ 5,222,871</u>	<u>\$ 88,997,399</u>	<u>\$ 1,655,348</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on capitalized leases are made from the General Fund. Payments on the Lease financing are made from the General Fund and the County School Facilities Fund. Payments on the compensated absences, net pension liability and post-retirement benefits are made from the fund for which the related employee worked.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 10,000	\$ -	\$ -	\$ 10,000
Stores inventory	-	-	8,553	8,553
Prepaid expenditures	81,880	-	-	81,880
Subtotal nonspendable	<u>91,880</u>	<u>-</u>	<u>8,553</u>	<u>100,433</u>
Restricted:				
Legally restricted	1,271,830	-	427,689	1,699,519
Capital projects	-	-	1,170,226	1,170,226
Debt service	-	2,320,718	-	2,320,718
Subtotal restricted	<u>1,271,830</u>	<u>2,320,718</u>	<u>1,597,915</u>	<u>5,190,463</u>
Assigned:				
Site Carryover	242,957	-	-	242,957
Athletic Program Carryover	43,770	-	-	43,770
Deficit Spending	944,252	-	-	944,252
Additional 2% Reserve	569,222	-	-	569,222
Subtotal assigned	<u>1,800,201</u>	<u>-</u>	<u>-</u>	<u>1,800,201</u>
Unassigned:				
Designated for economic uncertainty	853,833	-	-	853,833
Undesignated	1,550,298	-	-	1,550,298
Subtotal unassigned	<u>2,404,131</u>	<u>-</u>	<u>-</u>	<u>2,404,131</u>
Total fund balances	<u>\$ 5,568,042</u>	<u>\$ 2,320,718</u>	<u>\$ 1,606,468</u>	<u>\$ 9,495,228</u>

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

General Information about the State Teachers' Retirement Plan

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

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

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

(Continued)

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

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

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 36 consecutive months or credited service receive an additional increase of up to 0.2 percent to the age factor up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 36 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

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

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2021–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB90.

(Continued)

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

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84 are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-21. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 12.205 percent of applicable member earnings for fiscal year 2020-21.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

Employers – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469 required that employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

The CalSTRS employer contribution rates effective for fiscal year 2019-2021 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Pre-AB 1469 Rate</u>	<u>Increase per Funding Plan</u>	<u>SB90 and AB84 Impact¹</u>	<u>Total</u>
July 01, 2020	8.250%	10.85%	(2.950%)	16.150%
July 01, 2021	8.250%	10.85%	(2.180%)	16.920%
July 01, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 01, 2046	8.250%	Increase from prior rate ceases in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$1,880,824 to the plan for the fiscal year ended June 30, 2021.

State – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045–46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	5.811%	2.50%	10.328%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 18,896,000
State's proportionate share of the net pension liability associated with the District	<u>10,326,000</u>
Total	<u><u>\$ 29,222,000</u></u>

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2021, the District's proportion was 0.019 percent, which was a decrease of 0.002 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$3,682,747 and revenue of \$1,369,735 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 33,000	\$ 533,000
Changes of assumptions	1,843,000	-
Net differences between projected and actual earnings on investments	449,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	453,000	1,694,000
Contributions made subsequent to measurement date	<u>1,880,824</u>	<u>-</u>
Total	<u>\$ 4,658,824</u>	<u>\$ 2,227,000</u>

\$1,880,824 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ (81,067)
2023	\$ 382,933
2024	\$ 598,933
2025	\$ 28,933
2026	\$ (170,066)
2027	\$ (208,666)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB, not applicable for DBS/CBB

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

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	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)

* 20-year geometric average

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.1 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	\$ <u>28,549,000</u>	\$ <u>18,896,000</u>	\$ <u>10,926,000</u>

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

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

General Information about the Public Employer's Retirement Fund B

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

Employers - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$954,759 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$10,020,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30 2020, the District’s proportion was 0.033 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2019.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

For the year ended June 30, 2021, the District recognized pension expense of \$1,796,763. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 497,000	\$ -
Changes of assumptions	37,000	-
Net differences between projected and actual earnings on investments	209,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	224,000	183,000
Contributions made subsequent to measurement date	954,759	-
Total	\$ 1,921,759	\$ 183,000

\$954,759 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 330,000
2022	\$ 261,000
2023	\$ 97,000
2024	\$ 96,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

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

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

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

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

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2021

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

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

	Decrease <u>(6.15%)</u>	Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$ 14,406,000</u>	<u>\$ 10,020,000</u>	<u>\$ 6,380,000</u>

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

NOTE 9 - OTHER POST-RETIREMENT BENEFITS

Healthcare: In addition to the pension benefits described in Notes 7 and 8, the District provides other post-retirement healthcare benefits to employees who retire from the District after attaining age 65, with at least 10 years of District service for classified employees and 15 years of service for certificated employees. These benefits are considered an early retirement incentive. During the year ended June 30, 2021, 3 retirees received post-retirement healthcare benefits. The District contributes 100% of the amount of premiums incurred by retirees. Expenditures for post-retirement healthcare benefits are recognized on a pay-as-you-go basis, as the premiums are paid. During the year, expenditures of \$42,986 were recognized for retirees' health care benefits.

The calculated future liability for the District at June 30, 2021 amounts to \$27,773. This amount was calculated based upon the number of retirees receiving benefits multiplied by the yearly District payment per employee in effect at June 30, 2021, multiplied by the number of years of payments remaining. No future employees are eligible to participate in the Plan.

NOTE 10 - JOINT POWERS AGREEMENTS

Schools Insurance Authority (SIA): The District is a member of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of an insurance program. The Authority is governed by a Governing Board consisting of representatives of member districts. The Governing Board controls the operations of SIA, including selections of management and approval of operating budgets. The JPA provides first dollar coverage and insure risk up to statutory limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 - JOINT POWERS AGREEMENTS (Continued)

Condensed financial information for SIA for the year ended June 30, 2021 (the most recent information available) is as follows:

Total assets	\$	217,113,543
Deferred outflows of resources	\$	1,855,968
Total liabilities	\$	87,859,871
Deferred inflows of resources	\$	751,640
Total net position	\$	130,358,000
Total revenues	\$	69,975,315
Total expenditures	\$	54,557,453
Change in net position	\$	15,417,862

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

NOTE 11 - CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

GALT JOINT UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula				
State apportionment	\$ 15,086,192	\$ 16,002,259	\$ 16,002,259	\$ -
Local sources	<u>6,571,568</u>	<u>6,932,783</u>	<u>6,932,783</u>	-
Total Local Control Funding Formula	<u>21,657,760</u>	<u>22,935,042</u>	<u>22,935,042</u>	-
Federal sources	1,382,972	2,406,149	2,406,149	-
Other state sources	1,934,664	4,049,155	4,049,155	-
Other local sources	<u>586,504</u>	<u>885,653</u>	<u>885,653</u>	-
Total revenues	<u>25,561,900</u>	<u>30,275,999</u>	<u>30,275,999</u>	-
Expenditures:				
Current:				
Certificated salaries	11,781,883	12,178,434	12,178,434	-
Classified salaries	4,313,005	4,331,272	4,331,272	-
Employee benefits	5,855,947	5,590,407	5,590,407	-
Books and supplies	885,679	1,967,672	1,967,672	-
Contract services and operating expenditures	3,891,377	2,970,794	2,970,794	-
Other outgo	502,416	629,449	629,449	-
Capital outlay	10,000	38,557	38,557	-
Debt service				
Principal retirement	-	177,506	177,506	-
Interest	<u>148,292</u>	<u>148,725</u>	<u>148,725</u>	-
Total expenditures	<u>27,388,599</u>	<u>28,032,816</u>	<u>28,032,816</u>	-
(Deficiency) excess of revenues (under) over expenditures	<u>(1,826,699)</u>	<u>2,243,183</u>	<u>2,243,183</u>	-
Other financing sources (uses):				
Transfers in	-	51,730	51,730	-
Transfers out	<u>-</u>	<u>(480,000)</u>	<u>(480,000)</u>	-
Total other financing sources	<u>-</u>	<u>(428,270)</u>	<u>(428,270)</u>	-
Net change in fund balance	(1,826,699)	1,814,913	1,814,913	-
Fund balance, July 1, 2020	<u>3,753,129</u>	<u>3,753,129</u>	<u>3,753,129</u>	-
Fund balance, June 30, 2021	<u>\$ 1,926,430</u>	<u>\$ 5,568,042</u>	<u>\$ 5,568,042</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension	0.022%	0.022%	0.022%	0.021%	0.020%	0.021%	0.019%
District's proportionate share of the net pension liability	\$ 12,769,000	\$ 14,919,000	\$ 17,821,000	\$ 19,446,000	\$ 18,810,000	\$ 19,180,000	\$ 18,896,000
District's proportionate share of the net pension liability associated with the District	<u>7,710,000</u>	<u>7,890,000</u>	<u>10,146,000</u>	<u>11,504,000</u>	<u>10,770,000</u>	<u>10,464,000</u>	<u>10,326,000</u>
Total net pension liability	<u>\$ 20,479,000</u>	<u>\$ 22,809,000</u>	<u>\$ 27,967,000</u>	<u>\$ 30,950,000</u>	<u>\$ 29,580,000</u>	<u>\$ 29,644,000</u>	<u>\$ 29,222,000</u>
District's covered payroll	\$ 9,732,000	\$ 10,285,000	\$ 10,654,000	\$ 11,144,000	\$ 17,767,000	\$ 11,875,000	\$ 11,573,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.21%	145.06%	167.27%	174.50%	105.87%	161.52%	163.28%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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

All years prior to 2015 are not available.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension	0.033%	0.033%	0.032%	0.031%	0.032%	0.034%	0.033%
District's proportionate share of the net pension liability	\$ 3,723,000	\$ 4,833,000	\$ 6,250,000	\$ 7,465,000	\$ 8,471,000	\$ 9,792,000	\$ 10,020,000
District's covered payroll	\$ 3,442,000	\$ 3,630,000	\$ 3,787,000	\$ 3,987,000	\$ 4,200,000	\$ 4,618,000	\$ 4,715,000
District's proportionate share of the net pension liability as a percentage of its covered- employee payroll	108.16%	133.14%	165.04%	187.23%	201.69%	212.04%	212.51%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

See accompanying note to required supplementary information.

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTION
 For the Year Ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 913,331	\$ 1,143,158	\$ 1,401,918	\$ 2,563,713	\$ 1,933,200	\$ 1,979,012	\$ 1,880,824
Contributions in relation to the contractually required contribution	<u>(913,331)</u>	<u>(1,143,158)</u>	<u>(1,401,918)</u>	<u>(2,563,713)</u>	<u>(1,933,200)</u>	<u>(1,979,012)</u>	<u>(1,880,824)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,285,000	\$ 10,654,000	\$ 11,140,000	\$ 17,767,000	\$ 11,875,000	\$ 11,573,000	\$ 9,847,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**

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

All years prior to 2015 are not available.

*This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB90.

**This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

See accompanying note to required supplementary information.

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTION
 For the Year Ended June 30, 2021

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 427,251	\$ 448,793	\$ 553,740	\$ 652,250	\$ 834,076	\$ 929,763	\$ 954,759
Contributions in relation to the contractually required contribution	<u>(427,251)</u>	<u>(448,793)</u>	<u>(553,740)</u>	<u>(652,250)</u>	<u>(834,076)</u>	<u>(929,763)</u>	<u>(954,759)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	\$ 3,630,000	\$ 3,787,000	\$ 3,987,000	\$ 4,200,000	\$ 4,618,000	\$ 4,715,000	\$ 4,612,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

See accompanying note to required supplementary information.

GALT JOINT UNION HIGH SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULE

A - Budgetary Comparison Schedule

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

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

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

C - Schedule of the District's Contributions

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

D - Changes of Benefit Terms

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

E - Changes of Assumptions

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 actuarial reports, respectively.

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

<u>Assumptions</u>	<u>Measurement period</u>					
	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10	7.10	7.10	7.10	7.60	7.60
Wage growth	3.50	3.50	3.50	3.50	3.75	3.75

SUPPLEMENTARY INFORMATION

GALT JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2021

	Student Activity Special Revenue Fund	Adult Education Fund	Cafeteria Fund	Deferred Main- tenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Capital Projects for Blended Component Units Fund	Total
ASSETS										
Cash in County Treasury	\$ -	\$ 43,358	\$ 79,713	\$ 13,643	\$ 281,144	\$ 606,235	\$ 14,533	\$ 20,043	\$ 1,414	\$ 1,060,083
Collections Awaiting Deposit	20	-	-	-	-	-	-	-	-	20
Cash on hand and in banks	243,011	-	322	-	-	-	-	-	-	243,333
Cash with Fiscal Agent/Trustee	-	-	-	-	17,892	(4,658)	-	65,794	-	79,028
Receivables	80	30,653	113,942	37	126	50,383	2,940	-	4	198,165
Due from other funds	-	4,063	32,655	-	-	-	-	480,000	-	516,718
Stores inventory	-	-	8,553	-	-	-	-	-	-	8,553
Total assets	243,111	78,074	235,185	13,680	299,162	651,960	17,473	565,837	1,418	2,105,900
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 5,398	\$ 29,487	\$ 47,193	\$ -	\$ 178,008	\$ 97,905	\$ -	\$ 89,711	\$ -	\$ 447,702
Due to other funds	-	17,372	34,358	-	-	-	-	-	-	51,730
Total liabilities	5,398	46,859	81,551	-	178,008	97,905	-	89,711	-	499,432
Fund balances:										
Nonspendable	-	-	8,553	-	-	-	-	-	-	8,553
Restricted	237,713	31,215	145,081	13,680	121,154	554,055	17,473	476,126	1,418	1,597,915
Total fund balance	237,713	31,215	153,634	13,680	121,154	554,055	17,473	476,126	1,418	1,606,468
Total liabilities and fund balances	\$ 243,111	\$ 78,074	\$ 235,185	\$ 13,680	\$ 299,162	\$ 651,960	\$ 17,473	\$ 565,837	\$ 1,418	\$ 2,105,900

GALT JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2021

	Student Activity Special Revenue Fund	Adult Education Fund	Cafeteria Fund	Deferred Main- tenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Capital Projects for Blended Component Units Fund	Total
Revenues:										
Federal sources	\$ -	\$ -	\$ 783,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 783,909
Other state sources	-	378,824	48,213	-	-	-	3,356,563	-	-	3,783,600
Other local sources	163,198	2,214	14,717	90	56	459,507	7,349	(3,872)	8	643,267
Total revenues	163,198	381,038	846,839	90	56	459,507	3,363,912	(3,872)	8	5,210,776
Expenditures:										
Current:										
Certificated salaries	-	114,677	-	-	-	-	-	-	-	114,677
Classified salaries	-	104,531	498,061	-	-	-	-	-	-	602,592
Employee benefits	-	82,427	152,882	-	-	-	-	-	-	235,309
Books and supplies	228,574	32,092	222,170	-	73,134	-	-	-	-	555,970
Contract services and operating expenditures	-	24,718	17,600	-	55,898	7,338	-	320,895	-	426,449
Capital outlay	-	-	-	-	2,462,532	-	-	1,671,192	-	4,133,724
Debt Services:										
Principal retirement	-	-	-	-	-	-	3,356,563	-	-	3,356,563
Total expenditures	228,574	358,445	890,713	-	2,591,564	7,338	3,356,563	1,992,087	-	9,425,284
(Deficiency) excess of revenues (under) over expenditures	(65,376)	22,593	(43,874)	90	(2,591,508)	452,169	7,349	(1,995,959)	8	(4,214,508)
Other financing uses:										
Transfers in	-	-	-	-	-	-	-	480,000	-	480,000
Transfers out	-	(17,372)	(34,358)	-	-	-	-	-	-	(51,730)
Net change in fund balances	(65,376)	5,221	(78,232)	90	(2,591,508)	452,169	7,349	(1,515,959)	8	(3,786,238)
Fund balance, July 1, 2020	-	25,994	231,866	13,590	2,712,662	101,886	10,124	1,992,085	1,410	5,089,617
Cumulative effect of GASB 84 implementation	303,089	-	-	-	-	-	-	-	-	303,089
Fund balance, July 1, 2020, as restated	303,089	25,994	231,866	13,590	2,712,662	101,886	10,124	1,992,085	1,410	5,392,706
Fund balance, June 30, 2021	\$ 237,713	\$ 31,215	\$ 153,634	\$ 13,680	\$ 121,154	\$ 554,055	\$ 17,473	\$ 476,126	\$ 1,418	\$ 1,606,468

GALT JOINT UNION HIGH SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

Galt Joint Union High School District was established in 1911 and is located primarily in Sacramento County with a portion of the District in San Joaquin County. There were no changes in the boundaries of the District during the current year. The District is currently operating two comprehensive high schools, one continuation high school and an adult education program.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Melissa Neuburger	President	2022
Mark Beck	Clerk	2022
Patrick Maple	Member	2024
Terry Parker	Member	2024
Dennis Richardson	Member	2022

ADMINISTRATION

Lisa Pettis
District Interim Superintendent

Corey Reihl
Chief Business Official

Sean Duncan
Director of Educational Services

Lisa Pettis
Director of Adult Education and Alternative Programs

Amy Rickenbach
Director of Human Resources

Teri Brown
Director of Special Education

Kellie Beck
Comprehensive High School Principal, Galt High School

Joe Saramago
Comprehensive High School Principal, Liberty Ranch High School

Robert Lemmon
Comprehensive High School Principal, Estrellita High School

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2021

<u>Grade Level</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u><i>U.S. Department of Education - Passed through</i></u>			
<u><i>California Department of Education</i></u>			
	Special Education Cluster:		
84.027	Special Education:IDEA Basic Local Assistance , Entitlement Part B, Sec. 611	13379	\$ 388,847
84.027A	Special Education:IDEA Mental Health Allocation, Plan, Part B, Section 611	14468	<u>24,225</u>
	Subtotal Special Education Cluster		<u>413,072</u>
84.365	ESEA: Title III, Limited English Proficient (LEP) Student Programs	14346	9,400
84.010	ESEA: Title I, Part A, Basic Grant Low- Income and Neglected	14329	386,610
84.367	ESEA: Title X, Mckinney -Vento Homeless Children Assistance Grants	14341	16,152
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	17,548
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	69,222
	COVID-19 - Education Stabilization Fund (ESF) Programs:		
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund - COVID-19	15536	92,309
84.425C	Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation - COVID-19	15517	<u>10,484</u>
	COVID-19 - ESF Programs		<u>102,793</u>
	Total U.S.Department of Education		<u>1,014,797</u>
<u><i>U.S. Department of Agriculture - Passed through</i></u>			
<u><i>California Department of Education</i></u>			
10.555	Child Nutrition Cluster: School Programs (NSL Section 4)	13391	<u>783,909</u>
<u><i>U.S. Department of Health and Human Services - Passed through</i></u>			
<u><i>California Department of Education</i></u>			
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option (Medicaid Cluster)	10013	20,082
93.778	Medical Administrative Activities	10060	<u>42,621</u>
	Subtotal Medicaid Cluster		<u>62,703</u>
	Total U.S.Department of Health and Human Services		<u>62,703</u>
<u><i>U.S. Department of the Treasury</i></u>			
<u><i>- Passed through California Department of Education</i></u>			
21.019	Coronavirus Relief Fund: Learning Loss Mitigation - COVID-19	25516	<u>1,328,649</u>
	Total Federal Programs		<u>\$ 3,190,058</u>

GALT JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

	Bond Interest and Redemption <u>Fund</u>
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2021	\$ 2,299,999
Adjustment to record a portion of the premium related to issuance of the Election of 2016, Series 2018 General Obligations bonds in the Bond Interest and Redemption Fund.	<u>20,719</u>
Audited Ending Fund Balances, June 30, 2021	<u><u>\$ 2,320,718</u></u>

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

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 For the Year Ended June 30, 2021
 (UNAUDITED)

	(Budgeted) 2022	2021	2020	2019
General Fund				
Revenues and other financing sources	\$ 30,409,337	\$ 30,327,729	\$ 28,220,930	\$ 30,368,997
Expenditures	30,627,593	28,032,816	27,672,739	30,600,958
Other uses and transfers out	-	480,000	200,000	-
Total outgo	30,627,593	28,512,816	27,872,739	30,600,958
Change in fund balance	\$ (218,256)	\$ 1,814,913	\$ 348,191	\$ (231,961)
Ending fund balance	\$ 5,349,786	\$ 5,568,042	\$ 3,753,129	\$ 3,404,938
Available reserves	\$ 2,642,564	\$ 2,404,131	\$ 921,666	\$ 917,916
Designated for economic uncertainties	\$ 918,900	\$ 853,833	\$ 821,700	\$ 915,900
Undesignated fund balance	\$ 1,723,664	\$ 1,550,298	\$ 99,966	\$ 2,016
Available reserves as percentages of total outgo	8.63%	8.43%	3.31%	3.00%
Total long-term liabilities	\$ 87,336,855	\$ 88,997,399	\$ 94,220,271	\$ 88,569,397
Average daily attendance at P-2, excluding classes for adults	2,106	2,075	2,075	2,079

The General Fund fund balance has increased by \$1,931,143 over the past three years. The District projects a decrease of \$218,256 for the fiscal year ending 2021-2022. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses. The District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating deficit during the 2021-2022 fiscal year.

Total long-term liabilities have increased by \$428,002 over the past two years.

Average daily attendance has decreased by 4 over the past two years. An increase of 31 ADA is anticipated during the year ending 2021-2022.

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2021

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

There are currently no charter schools in the District.

GALT JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards

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

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

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

D - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2021-2022 fiscal year, as required by the State Controller's Office.

E - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt such a program.

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

Board of Trustees
Galt Joint Union High School District
Galt, California

Report on Compliance with State Laws and Regulations

We have audited Galt Joint Union High School District's compliance with the types of compliance requirements described in the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* to the state laws and regulations listed below for the year ended June 30, 2021.

<u>Description</u>	<u>Procedures Performed</u>
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study – Course Based	No, see below
Charter Schools – Attendance	No, see below
Charter Schools – Mode of Instruction	No, see below
Charter Schools – Nonclassroom-Based Instruction/Independent Study	No, see below
Charter Schools – Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter Schools – Charter School Facility Grant Program	No, see below

(Continued)

The District does not offer Kindergarten; therefore, we did not perform any procedures related to Kindergarten Continuance.

The District does not offer an Early Retirement Incentive Program in the current fiscal year; therefore, we did not perform any procedures related to this program.

We did not perform any procedures related to the K-3 Grade Span Adjustment because the District does not offer these grade levels.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District does not offer any apprenticeship programs.

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

The District had no current year expenditures related to California Clean Energy Job Act; therefore, we did not perform any procedures related to California Clean Energy Jobs Act.

We did not perform any procedures related to Independent Study-Course Based because the District does not offer this program.

We did not perform any procedures related to charter schools because the District does not sponsor any charter schools.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Galt Joint Union High School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*. Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Galt Joint Union High School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Galt Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Opinion on Compliance with State Laws and Regulations

In our opinion, Galt Joint Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
January 26, 2022

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

Board of Trustees
Galt Joint Union High School District
Galt, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galt Joint Union High School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Galt Joint Union High School District's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Galt Joint Union High 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*.

Purpose of this Report

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



Crowe LLP

Sacramento, California
January 26, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED
BY UNIFORM GUIDANCE

Board of Trustees
Galt Joint Union High School District
Galt, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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


Crowe LLP

Sacramento, California
January 26, 2022

FINDINGS AND RECOMMENDATIONS

GALT JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X	No
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X	No
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

STATE AWARDS

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

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

GALT JOINT UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021

No matters were reported.