

**GALT JOINT UNION HIGH  
SCHOOL DISTRICT**  
Galt, California

**MEASURE E GENERAL OBLIGATION BONDS  
FINANCIAL STATEMENTS**  
June 30, 2021

GALT JOINT UNION HIGH SCHOOL DISTRICT  
Galt, California

MEASURE E GENERAL OBLIGATION BONDS  
June 30, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL SECTION:	
BALANCE SHEET .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE .....	4
NOTES TO FINANCIAL STATEMENTS .....	5
OTHER INDEPENDENT AUDITOR'S REPORTS:	
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	8
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS .....	10
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS .....	11

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Bond Oversight Committee  
Galt Joint Union High School District  
Galt, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Galt Joint Union High School District (the "District") Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2021, and the related notes to the 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 an opinion 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 of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk 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 the 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

---

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Galt Joint Union High School District (the "District") Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds activity as of June 30, 2021, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present the financial activity and balances of the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds activity only, and do not purport to, and do not, present fairly the financial position of Galt Joint Union High School District, as of June 30, 2021 or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***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 the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds activity. 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 the District's internal control over financial reporting or on compliance for Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds activity. 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 for the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds activity.



Crowe LLP

Sacramento, California  
January 26, 2022

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
BALANCE SHEET  
June 30, 2021

---

**ASSETS**

Cash and investments (Note 2):

Cash in County Treasury	\$ 281,144
-------------------------	------------

Cash with Fiscal Agent	<u>17,892</u>
------------------------	---------------

Total cash	299,036
------------	---------

Account receivable	<u>126</u>
--------------------	------------

Total assets	<u><u>\$ 299,162</u></u>
--------------	--------------------------

**Liabilities**

Accounts payable	\$ 178,008
------------------	------------

**FUND BALANCE**

Restricted for capital projects	<u>121,154</u>
---------------------------------	----------------

Total liabilities and fund balance	<u><u>\$ 299,162</u></u>
------------------------------------	--------------------------

---

See accompanying notes to financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE  
For the Year Ended June 30, 2021

---

Revenues:	
Interest	\$ 56
Expenditures:	
Current:	
Books and supplies	73,134
Contract services and other operating expenditures	55,898
Capital outlay	<u>2,462,532</u>
Total expenditures	<u>2,591,564</u>
Change in fund balance	(2,591,508)
Fund balance, July 1, 2020	<u>2,712,662</u>
Fund balance, June 30, 2021	<u>\$ 121,154</u>

---

See accompanying notes to financial statements.

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Galt Joint Union High School District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds (the "Bonds") are recorded along with other activities in the District's Building Fund. 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 (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds, only. The activities of the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds are recorded along with other activities in the District's Building Fund. These financial statements are not intended to present the financial position and results of operations of Galt Joint Union High School District as a whole.

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 measurement made, regardless of the measurement focus applied.

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

The District's Board of Education and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

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

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

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 as of June 30.

---

(Continued)

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

---

**NOTE 2 – CASH**

Cash in County Treasury: 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 provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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 held.

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

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

**NOTE 3 – FUND BALANCE CLASSIFICATION**

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 are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds is restricted, as described below.

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.

---

(Continued)



GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

---

**NOTE 4 – PURPOSE OF BOND ISSUANCE**

**Bond Authorization:** The Galt Joint Union High School District, Sacramento County, California Election of 2016 General Obligation Bonds, Measure E were authorized at an election of the registered voters of the Galt Joint Union High School District held on November 8, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$36,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the addition and modernization of certain District facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes.

**Purpose of Bonds:** The proceeds of the Bonds may be used:

*“To improve the quality of education at local high schools; modernize/renovate outdated classrooms, restrooms and school facilities; replace leaky roofs; provide career technical education classrooms for job training; renovate deteriorating plumbing/sewer systems; upgrade inadequate electrical systems; and make health, safety and handicapped accessibility improvements shall Galt Joint Union High School District issue \$36,000,000 of bonds at legal rates, with an independent oversight committee, NO money for administrative salaries, all funds locally-controlled and not taken by the State?”*

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

**Bond Project List:** The Bond Project List, which is an integral part of the proposition, lists the specific projects the District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at individual campuses. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering and similar planning costs, construction management and customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Education cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

The bonds are general obligations of the District, and Placer and Sacramento Counties are obligated to levy *ad valorem* taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from *ad valorem* tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

On May 31, 2017, the District issued 2016 General Obligation Series 2017 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.

On November 6, 2018, the District issued 2016 General Obligation Series 2018 Bonds in the amount of \$20,000,000 to construct finance school facilities, properties, and equipment. The Bond accrues interest at 4.00% per annum from the date of the issuance and is payable annually on February 1 and August 1 of each year through February 2048.

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 and Citizens' Bond Oversight Committee  
Galt Joint Union High School District  
Galt, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of Galt Joint Union High School District (the "District") Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bonds (the "Bonds") activity included in the Building Fund of the District, as of and for the year ended June 30, 2021, and related notes to the 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 Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond activity financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 of 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 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 over financial reporting 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

---

(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Galt Joint Union High School District Measure E Election of 2016, Series 2017 and Series 2018 General Obligation Bond activity included in the Building Fund of the District's financial statements is free from material misstatement, we performed tests of the District's 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

This purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, 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 *Governmental 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

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021

---

No matters were reported.

GALT JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021

---

No matters were reported.