



Financial Statements
June 30, 2021

Goleta Union School District

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Independent Auditor's Report

To the Governing Board
Goleta Union School District
Goleta, 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 Goleta Union School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Goleta Union School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, Goleta Union School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. 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 through 13, budgetary comparison information on page 61, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 62, schedule of the District's proportionate share of the net pension liability on pages 63 and 64, and the schedule of District contributions on pages 65 and 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Goleta Union School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information 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 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2022 on our consideration of Goleta Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Goleta Union 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 Goleta Union School District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
January 31, 2022



GOLETA UNION SCHOOL DISTRICT
Fiscal Services

Board of Trustees
Luz Reyes-Martin, President,
Dr. Carin Ezal, Vice-President
Dr. Richard Mayer, Clerk
Dr. Vicki Ben-Yaacov, Member
Sholeh Jahangir, Member

This section of Goleta Union School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021 with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

- *Governmental Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the following three categories of activities: governmental, proprietary, and fiduciary.

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

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

The primary unit of the government is the Goleta Union School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - The District reports all of its services are reported in this category. This includes the education of kindergarten through grade six students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds – When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Warehouse Revolving Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for pass thru of special education funds to the Santa Barbara County Special Education Local Area Plan (SBCSELPA) and employee flexible spending accounts. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

Executive Summary

The 2020-2021 fiscal year moved through year number two of the pandemic. Schools reopened finally in March 2021 as they were all closed due to COVID-19 since March 2020. The overall impact of the pandemic on the California economy was not as bad as originally feared. The State of California budget has rebounded well with the help of strong income tax returns and a significant amount of COVID-19 relief funding from the Federal Government.

As a Community Funded District, the District relies heavily on local property taxes which are driven by the local economy and housing market. Revenues from property taxes in 2020-2021 grew by 5.7% and look to also be strong going into 2021-2022.

The Second Interim Report from January 2021 projected a surplus of \$652,271 in the General Fund, and due to careful planning and strategic spending, the fiscal year has ended with a surplus of \$1,620,135. While salaries increased due to the negotiated settlements with CSEA and UTPG, we see a large reduction in Benefits due to an adjustment to the STRS on behalf entry that records the State's portion of contribution to the STRS retirement system on behalf of the District teachers. During the school closures, the District continued to pay employees and contractors as administrators planned the best uses of all District resources to support our students and the community.

Significant savings continued as we began the 2020-2021 school year remotely in programs such as Maintenance and transportation as busses were not running so fuel and repair costs were significantly lower. With the closures, maintenance projects were put on hold so costs for fuel in trucks, materials and supplies, and overtime were also reduced significantly. Full amounts were budgeted in all accounts in anticipation of schools opening at any point. With very few people on campuses to start the year, costs in other areas such as utilities and day-to-day substitute teacher costs as the need significantly diminished, until we finally reopened.

The District ended the year in a stable financial position with the help of COVID-19 relief funding that allowed the District to invest in more teachers to reduce class sizes when we reopened, as well as many other measures to enhance safety at schools such as hand washing stations, air purifiers, and additional custodial support for each site. Total revenues in the District General Fund reached \$60,489,440, with \$11,592,479 coming from restricted resources. Total expenditures in the District General Fund for 2020-2021, including transfers were \$58,869,305 with \$18,263,855 in restricted programs.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(20,981,332) for the fiscal year ended June 30, 2021. Of this amount, \$(41,730,421) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020 as restated
Assets		
Current and other assets	\$ 28,684,126	\$ 19,604,534
Capital assets	25,247,923	25,184,937
Total assets	<u>53,932,049</u>	<u>44,789,471</u>
Deferred outflows of resources	<u>17,550,497</u>	<u>18,250,153</u>
Liabilities		
Current liabilities	2,552,540	1,237,419
Long-term liabilities other than OPEB and pension	17,582,457	12,859,304
Net other postemployment benefits (OPEB) liability	343,815	297,199
Aggregate net pension liability	<u>68,966,496</u>	<u>63,137,291</u>
Total liabilities	<u>89,445,308</u>	<u>77,531,213</u>
Deferred inflows of resources	<u>3,018,570</u>	<u>4,922,743</u>
Net Position		
Net investment in capital assets	14,248,014	13,335,443
Restricted	6,501,075	5,246,155
Unrestricted (deficit)	<u>(41,730,421)</u>	<u>(37,995,930)</u>
Total net position (deficit)	<u><u>\$ (20,981,332)</u></u>	<u><u>\$ (19,414,332)</u></u>

The \$(41,730,421) in unrestricted net position (deficit) of all governmental activities represents the accumulated results of all past years' operations. Unrestricted net position deficit increased by \$3,734,491 (9.8%) compared to \$(37,995,930). The increase in the total net position deficit is largely due to the increase in the pension liability.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020 *
Revenues		
Program revenues		
Charges for services and sales	\$ 259,329	\$ 1,229,008
Operating grants and contributions	14,374,183	10,621,467
General revenues		
Federal and State aid not restricted	2,951,142	4,340,103
Property taxes	46,656,192	44,567,153
Other general revenues	2,340,475	3,166,022
Total revenues	66,581,321	63,923,753
Expenses		
Instruction-related	49,980,791	48,549,980
Pupil services	5,903,033	5,761,693
Administration	4,581,253	4,058,093
Plant services	5,991,138	5,993,494
All other services	1,692,106	2,730,226
Total expenses	68,148,321	67,093,486
Change in net position	\$ (1,567,000)	\$ (3,169,733)

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$68,148,321. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$46,656,192 because the cost was paid by those who benefited from the programs (\$259,329) or by other governments and organizations who subsidized certain programs with grants and contributions (\$14,374,183). We paid for the remaining "public benefit" portion of our governmental activities with \$5,291,617 in Federal and State funds and other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020 *	2021	2020 *
Instruction-related	\$ 49,980,791	\$ 48,549,980	\$ (39,790,777)	\$ (41,322,073)
Pupil services	5,903,033	5,761,693	(2,698,977)	(3,602,232)
Administration	4,581,253	4,058,093	(4,125,819)	(3,812,612)
Plant services	5,991,138	5,993,494	(5,674,926)	(5,465,556)
All other services	1,692,106	2,730,226	(1,224,310)	(1,040,538)
Total	\$ 68,148,321	\$ 67,093,486	\$ (53,514,809)	\$ (55,243,011)

* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$26,261,866, which is an increase of \$7,751,363, or 41.9% from last year. (Table 4)

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General Fund	\$ 13,513,579	\$ 60,489,440	\$ 58,869,305	\$ 15,133,714
Building Fund	-	5,700,862	177,567	5,523,295
Capital Facilities Fund	1,659,730	102,916	1,012,182	750,464
Child Development Fund	510	472,422	451,985	20,947
Cafeteria Fund	482,257	3,169,164	1,808,169	1,843,252
Deferred Maintenance Fund	747,883	243,151	293,618	697,416
Bond Interest and Redemption Fund	2,106,544	1,843,810	1,657,576	2,292,778
Total	\$ 18,510,503	\$ 72,021,765	\$ 64,270,402	\$ 26,261,866

Included in prior year, numbers updated:

- The General Fund is our principal operating fund. The fund balance in the General Fund increased \$1,620,135 to \$15,133,714. This increase is due to the net effect of cost savings in services and supplies due to school closures as well as unfilled positions originally budgeted for student services but not needed due to the pandemic.
- The Cafeteria Fund increased \$1,360,995 to \$1,843,252 due to pandemic meal distributions. Even though the total meal counts were way down compared to when school is in session, the reimbursement rates are higher under the Summer Feeding Program which resulted in more revenue. The department also held grocery box giveaways for families with kids over school breaks and for six weeks during the Summer of 2021, which supplemented revenues significantly.
- The Deferred Maintenance Fund decreased \$50,467 to \$697,416 due to the spending of funds on many maintenance projects, such as HVAC unit replacements, roof repairs, plumbing issues and tree maintenance work.
- Our Capital Facilities Fund decreased \$909,266 to \$750,464 due to large modernization projects at each school involving the replacement of the fire alarm systems required to add classroom spaces to school sites. The fire alarm modernization project has since been completed

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 61).

Some of the variations between the original and final budget amounts and between the final budget and actual result are explained below:

- Revenue revisions made to the 2020-2021 Budget for Local Control Funding Formula revenues were due to increases in actual property taxes received. Original estimates were very conservative and did not include amounts of one-time property tax revenues received due to increased apportionments of taxes from Redevelopment Agencies (RDA). Final budget adjustments did not include actuals due to unanticipated revenues received from the Goleta Redevelopment Agency above and beyond projections.
- The revenue variance in Federal Revenues resulted from COVID-19 Relief funding under the CARES Act, CRRSA Act, and the ARP that was not included in the Original Budget, as the grant had not been awarded. Once the grant was awarded and received the budget for Federal Revenue and corresponding salaries and benefits accounts were adjusted accordingly.
- Other local sources had to be reduced from the Original Budget due to school closures and the inability of school sites to do the normal level of fundraising activities and support specialists that were not needed during the shutdown and even when school reopened.
- Budgeted expenditures decreased overall due to the pandemic shutdown. With busses not rolling, the lights off at schools, and no need for Art, Music, Science and PE Specialists, expenditures were down.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$25,247,923 in a broad range of capital assets, including land and construction in process, land improvements, buildings and improvements, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$62,986, or 0.3% from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 1,437,060	\$ 1,437,060
Buildings and improvements	23,124,110	23,068,352
Equipment	686,753	679,525
Total	\$ 25,247,923	\$ 25,184,937

We provide more detailed information regarding capital assets in Note 4 of the financial statements.

Long-Term Liabilities Other than OPEB and Pension

At the end of this year, the District had \$17,582,457 in long-term liabilities other than OPEB and Pension outstanding versus \$12,859,304 last year, an increase of \$4,723,153, or 36.7%. Those obligations consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 16,240,000	\$ 11,670,000
Unamortized debt premium	928,586	903,876
Compensated absences	413,871	285,428
Total	\$ 17,582,457	\$ 12,859,304

We provide more detailed information regarding long-term liabilities in Note 8 of the financial statements.

The State limits the amount of general obligation debt that Districts can issue to 1.25% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below statutorily imposed limit.

OPEB and Pension Liabilities

At year-end, the District had a net OPEB liability of \$343,815 versus \$297,199 last year, an increase of \$46,616, or 15.7%.

In addition, at year-end, the District had an aggregate net pension liability of \$68,966,496 versus \$63,137,291 last year, an increase of \$5,829,205, or 9.2%.

We provide more detailed information regarding OPEB and Pension liabilities in Note 9 and Note 12 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

The Goleta Union School District continues to focus on providing a robust educational experience for all students from Preschool through the Sixth Grade. The focus during the pandemic shutdown of 2021 as to get kids back into their classrooms and learning in person. Learning loss mitigation was a significant focus and efforts appear to have been successful as the District provided a robust summer learning program for many students identified as needing the extra support. Investment continues in professional development in the Professional Learning Communities (PLC) initiative. We will continue to maintain current technology throughout the district by investing in new student classroom devices and refreshing teacher laptops. The District purchased a significant number of new student and staff devices to support student learning at home during the shutdown.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Community Funded: Property tax revenues were projected to increase by three and one-half percent due to an estimated rise in assessed valuation and general growth.
2. Federal and State revenues were increased to include COVID-19 relief funds as well as the addition of such programs as the Expanded Learning Opportunity Grant and the In Person Instruction Grant.
3. Other Local Revenues were increased to account for the reopening of the fee-based Afterschool Programs that will now enroll at full capacity since it was closed during the pandemic shutdown.

Expenditures are based on the following forecasts:

1. Salaries and benefits include amounts budgeted for filled positions and FTE along with mandated movement along salary schedules and do not include any projection of cost for negotiated settlements.
2. Benefits include the increase to the employer contribution for PERS and STRS
3. The Books and Supplies and Services and Supplies accounts are increased incrementally each year to account for inflation and other factors.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Conrad Tedeschi, CPA, CPFO, Assistant Superintendent, Fiscal Services, at Goleta Union School District, 401 North Fairview Avenue, Goleta, California, 93117, or e-mail at ctedeschi@goleta.k12.ca.us. Financial reports can be found on the District website at www.gusd.us.

Goleta Union School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 25,199,094
Receivables	3,407,611
Prepaid expenses	34,672
Stores inventories	42,749
Capital assets not depreciated	1,437,060
Capital assets, net of accumulated depreciation	23,810,863
Total assets	53,932,049
Deferred Outflows of Resources	
Deferred charge on refunding	645,382
Deferred outflows of resources related to pensions	16,905,115
Total deferred outflows of resources	17,550,497
Liabilities	
Accounts payable	2,104,529
Accrued interest payable	215,412
Unearned revenue	232,599
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,165,000
Long-term liabilities other than OPEB and pensions due in more than one year	16,417,457
Net other postemployment benefits (OPEB) liability	343,815
Aggregate net pension liability	68,966,496
Total liabilities	89,445,308
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	3,018,570
Net Position	
Net investment in capital assets	14,248,014
Restricted for	
Debt service	2,077,366
Capital projects	750,464
Educational programs	1,826,983
Other activities	1,846,262
Unrestricted (deficit)	(41,730,421)
Total net position (deficit)	\$ (20,981,332)

Goleta Union School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 42,957,458	\$ 218,403	\$ 8,849,281	\$ (33,889,774)
Instruction-related activities				
Supervision of instruction	1,543,888	7,837	358,408	(1,177,643)
Instructional library, media, and technology	503,422	-	12,754	(490,668)
School site administration	4,976,023	-	743,331	(4,232,692)
Pupil services				
Home-to-school transportation	1,329,379	-	-	(1,329,379)
Food services	1,889,297	2,150	2,778,986	891,839
All other pupil services	2,684,357	13,113	409,807	(2,261,437)
Administration				
Data processing	10,549	-	-	(10,549)
All other administration	4,570,704	723	454,711	(4,115,270)
Plant services	5,991,138	-	316,212	(5,674,926)
Ancillary services	189,799	-	-	(189,799)
Community services	568,450	12,544	409,193	(146,713)
Interest on long-term liabilities	668,709	-	-	(668,709)
Other outgo	265,148	4,559	41,500	(219,089)
	<u>\$ 68,148,321</u>	<u>\$ 259,329</u>	<u>\$ 14,374,183</u>	<u>(53,514,809)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				44,945,960
Property taxes, levied for debt service				1,710,232
Federal and State aid not restricted to specific purposes				2,951,142
Interest and investment earnings				56,605
Interagency revenues				259,660
Miscellaneous				2,024,210
				<u>51,947,809</u>
				(1,567,000)
Change in Net Position				(1,567,000)
Net Position - Beginning, as restated				<u>(19,414,332)</u>
Net Position - Ending				<u>\$ (20,981,332)</u>

Goleta Union School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 14,285,360	\$ 5,522,433	\$ 900,082	\$ 4,430,904	\$ 25,138,779
Receivables	2,925,222	862	852	480,675	3,407,611
Due from other funds	17,049	-	1,030	-	18,079
Prepaid expenditures	34,672	-	-	-	34,672
Stores inventories	-	-	-	17,437	17,437
Total assets	<u>\$ 17,262,303</u>	<u>\$ 5,523,295</u>	<u>\$ 901,964</u>	<u>\$ 4,929,016</u>	<u>\$ 28,616,578</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,904,836	\$ -	\$ 151,500	\$ 47,698	\$ 2,104,034
Due to other funds	1,030	-	-	17,049	18,079
Unearned revenue	222,723	-	-	9,876	232,599
Total liabilities	<u>2,128,589</u>	<u>-</u>	<u>151,500</u>	<u>74,623</u>	<u>2,354,712</u>
Fund Balances					
Nonspendable	39,672	-	-	17,937	57,609
Restricted	1,826,983	5,523,295	750,464	4,139,040	12,239,782
Assigned	2,011,187	-	-	697,416	2,708,603
Unassigned	11,255,872	-	-	-	11,255,872
Total fund balances	<u>15,133,714</u>	<u>5,523,295</u>	<u>750,464</u>	<u>4,854,393</u>	<u>26,261,866</u>
Total liabilities and fund balances	<u>\$ 17,262,303</u>	<u>\$ 5,523,295</u>	<u>\$ 901,964</u>	<u>\$ 4,929,016</u>	<u>\$ 28,616,578</u>

Goleta Union School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total Fund Balance - Governmental Funds		\$ 26,261,866
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 54,760,295	
Accumulated depreciation is	<u>(29,512,372)</u>	
Net capital assets		25,247,923
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(215,412)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		
		85,132
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	645,382	
Aggregate net pension liability	<u>16,905,115</u>	
Total deferred outflows of resources		17,550,497
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net pension liability	<u>(3,018,570)</u>	
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(68,966,496)
Net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(343,815)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(16,240,000)	
Unamortized debt premium	(928,586)	
Compensated absences	<u>(413,871)</u>	
Total long-term liabilities		<u>(17,582,457)</u>
Total net position - governmental activities		<u>\$ (20,981,332)</u>

Goleta Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 47,923,145	\$ -	\$ -	\$ -	\$ 47,923,145
Federal sources	3,630,979	-	-	2,877,439	6,508,418
Other State sources	6,147,909	-	-	585,093	6,733,002
Other local sources	2,787,407	862	102,916	1,899,397	4,790,582
Total revenues	<u>60,489,440</u>	<u>862</u>	<u>102,916</u>	<u>5,361,929</u>	<u>65,955,147</u>
Expenditures					
Current					
Instruction	38,360,998	-	-	941	38,361,939
Instruction-related activities					
Supervision of instruction	1,372,692	-	-	23,567	1,396,259
Instructional library, media, and technology	466,408	-	-	-	466,408
School site administration	4,523,502	-	-	510	4,524,012
Pupil services					
Home-to-school transportation	1,230,941	-	-	-	1,230,941
Food services	7,825	-	-	1,808,169	1,815,994
All other pupil services	2,416,920	-	-	-	2,416,920
Administration					
All other administration	4,239,779	-	-	17,312	4,257,091
Plant services	5,442,559	-	9,475	165,429	5,617,463
Ancillary services	189,799	-	-	-	189,799
Community services	112,734	-	-	409,655	522,389
Other outgo	265,148	-	-	-	265,148
Facility acquisition and construction	-	-	1,002,707	128,189	1,130,896
Debt service					
Principal	-	-	-	1,130,000	1,130,000
Interest and other	-	177,567	-	527,576	705,143
Total expenditures	<u>58,629,305</u>	<u>177,567</u>	<u>1,012,182</u>	<u>4,211,348</u>	<u>64,030,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,860,135</u>	<u>(176,705)</u>	<u>(909,266)</u>	<u>1,150,581</u>	<u>1,924,745</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	240,000	240,000
Other sources - proceeds from issuance of general obligation bonds	-	5,700,000	-	-	5,700,000
Other sources - premium from issuance of general obligation bonds	-	-	-	126,618	126,618
Transfers out	(240,000)	-	-	-	(240,000)
Net Financing Sources (Uses)	<u>(240,000)</u>	<u>5,700,000</u>	<u>-</u>	<u>366,618</u>	<u>5,826,618</u>
Net Change in Fund Balances	1,620,135	5,523,295	(909,266)	1,517,199	7,751,363
Fund Balance - Beginning, as restated	<u>13,513,579</u>	<u>-</u>	<u>1,659,730</u>	<u>3,337,194</u>	<u>18,510,503</u>
Fund Balance - Ending	<u>\$ 15,133,714</u>	<u>\$ 5,523,295</u>	<u>\$ 750,464</u>	<u>\$ 4,854,393</u>	<u>\$ 26,261,866</u>

Goleta Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 7,751,363

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation expense in the period.

Capital outlays		\$ 1,120,042	
Depreciation expense		<u>(1,057,056)</u>	

Net expense adjustment			62,986
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (128,443)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. (4,545,688)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (46,616)

Proceeds received from the Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (5,700,000)

Goleta Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (126,618)
Premium amortization	101,908
Deferred charge on refunding amortization	(79,000)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	1,130,000
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Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

13,526

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(418)

Change in net position of governmental activities

\$ (1,567,000)

Goleta Union School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 60,315
Stores inventories	<u>25,312</u>
Total current assets	<u>85,627</u>
Liabilities	
Current liabilities	
Accounts payable	<u>495</u>
Net Position	
Unrestricted	<u><u>\$ 85,132</u></u>

Goleta Union School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Sales	<u>\$ 106,755</u>
Operating Expenses	
Supplies and materials	<u>107,173</u>
Change in Net Position	(418)
Total Net Position - Beginning	<u>85,550</u>
Total Net Position - Ending	<u><u>\$ 85,132</u></u>

Goleta Union School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Operating Activities	
Other operating cash receipts	\$ 115,861
Cash payments to other suppliers of goods or services	<u>(105,332)</u>
Net Cash provided by Operating Activities	<u>10,529</u>
Cash and Cash Equivalents, Beginning	<u>49,786</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 60,315</u></u>
Reconciliation of Operating Loss to Net Cash provided by Operating Activities	
Operating loss	\$ (418)
Changes in assets and liabilities	
Due from other funds	9,106
Stores inventories	6,281
Accounts payable	<u>(4,440)</u>
Net Cash provided by Operating Activities	<u><u>\$ 10,529</u></u>

Goleta Union School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 55,263
Receivables	<u>51,676</u>
Total assets	<u><u>\$ 106,939</u></u>
Liabilities	
Accounts payable	\$ 51,678
Due to employees	<u>55,261</u>
Total liabilities	<u><u>\$ 106,939</u></u>

Goleta Union School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Custodial Funds
Additions	
Federal sources	\$ 14,779,838
State sources	26,162,304
Employer contributions	100,319
Interest	1,559
Total additions	41,044,020
Deductions	
Benefit payments	100,319
Pass-thru to Special Education Local Plan Area (SELPA)	40,943,701
Total deductions	41,044,020
Net Increase (Decrease) In Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Goleta Union School District (the District) was organized in 1925 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to preschool and TK-6 grades as mandated by the State and/or Federal agencies. The District operates nine elementary schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Goleta Union School District, this includes general operations, food service, student related activities of the District, and serving as the administrative unit for the Santa Barbara County Special Education Local Plan Area (SBCSELPA). The role of administrative agent encompasses only the receipt of grant funds received on behalf of the SBCSELPA and subsequent pass thru of grant funds to the SBCSELPA. The District serves as a cash conduit for the SBCSELPA and does not (a) monitor subrecipient Districts for compliance with requirements; (b) determine eligibility of subrecipient Districts, even if using grantor-established criteria; or (c) has the ability to exercise discretion in how the funds are allocated. Accordingly, the District has established a separate custodial fund to record all activity performed on behalf of the SBCSELPA.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 6006).

Non-Major Governmental Funds

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District has no trust funds. The District's custodial funds account for pass thru of special education funds to the Santa Barbara County Special Education Local Area Plan (SBCSELPA) and the employee flexible spending account.

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a warehouse revolving fund that is accounted for as an internal service fund.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Proprietary Funds** Proprietary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2021, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the Santa Barbara County investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

Interfund Balances

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated Absences

Compensated absences are accrued as a liability and reported on the government-wide statement of net position. The entire compensated absences liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period the bonds are issued.

Accrued Liabilities and Long-Term Liabilities

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items and for deferred charges on refunding of debt. The deferred amounts related to pension relate to contributions subsequent to measurement date, change in proportion and differences between contributions and the District's proportionate share of contributions, differences between projected and actual earnings on pension plan investments, difference between expected and actual experience in the measurement of the total pension liability, and changes of assumptions. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items. The deferred amounts related to pension relate to the change in proportion and differences between contributions and the District's proportionate share of contributions, and differences between expected and actual experience in the measurement of the total pension liability.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$6,501,075 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 15.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 25,199,094
Fiduciary funds	<u>55,263</u>
Total deposits and investments	<u><u>\$ 25,254,357</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 528,041
Cash in revolving	5,500
Investments	<u>24,720,816</u>
Total deposits and investments	<u><u>\$ 25,254,357</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by holding the majority of its investments in the Santa Barbara County Treasury Investment Pool. The Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$24,720,816 with the Santa Barbara County Treasury Investment Pool. The average weighted maturity for this pool was 735 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Barbara County Treasury Investment Pool is currently not rated, nor is required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, none of the District's bank balance was exposed to custodial credit risk because it was fully insured.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	\$ 1,284,602	\$ -	\$ -	\$ 444,719	\$ 1,729,321	\$ -
State Government						
LCFF apportionment	768,030	-	-	-	768,030	-
Categorical aid	530,419	-	-	29,788	560,207	-
Lottery	241,369	-	-	-	241,369	-
Local Government						
Interest	14,655	862	852	5,170	21,539	-
Other local sources	86,147	-	-	998	87,145	51,676
Total	\$ 2,925,222	\$ 862	\$ 852	\$ 480,675	\$ 3,407,611	\$ 51,676

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,437,060	\$ -	\$ -	\$ 1,437,060
Capital assets being depreciated				
Land improvements	6,191,093	867,999	-	7,059,092
Buildings and improvements	41,672,513	156,487	-	41,829,000
Furniture and equipment	4,339,587	95,556	-	4,435,143
Total capital assets being depreciated	52,203,193	1,120,042	-	53,323,235
Total capital assets	53,640,253	1,120,042	-	54,760,295
Accumulated depreciation				
Land improvements	(4,123,623)	(210,537)	-	(4,334,160)
Buildings and improvements	(20,671,631)	(758,191)	-	(21,429,822)
Furniture and equipment	(3,660,062)	(88,328)	-	(3,748,390)
Total accumulated depreciation	(28,455,316)	(1,057,056)	-	(29,512,372)
Governmental activities capital assets, net	\$ 25,184,937	\$ 62,986	\$ -	\$ 25,247,923

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 824,519
School site administration	63,425
Home-to-school transportation	21,142
All other pupil services	21,142
Data processing	10,549
All other administration	52,854
Plant services	63,425
Total depreciation expenses governmental activities	\$ 1,057,056

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2021, between major governmental funds, and non-major governmental funds are as follows:

Due To	Due From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 17,049	\$ 17,049
County School Facilities Fund	1,030	-	1,030
Total	<u>\$ 1,030</u>	<u>\$ 17,049</u>	<u>\$ 18,079</u>

The balance of \$17,049 due from the Child Development Non-Major Governmental Fund to the General Fund resulted from a reimbursement of costs.

The balance of \$1,030 due to the County School Facilities Fund from the General Fund results from timing delays in the reimbursement of costs at year end.

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred \$240,000 to the Deferred Maintenance Non-Major Governmental Fund flexible funds committed for the District's deferred maintenance activities.

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Supplies	\$ 1,388,847	\$ -	\$ 33,702	\$ 495	\$ 1,423,044	\$ -
Services	409,588	5,500	13,996	-	429,084	10
Salaries and benefits	74,187	-	-	-	74,187	-
Due to SELPA	24,828	-	-	-	24,828	-
Construction	-	146,000	-	-	146,000	-
Other vendor payables	7,386	-	-	-	7,386	51,668
Total	<u>\$ 1,904,836</u>	<u>\$ 151,500</u>	<u>\$ 47,698</u>	<u>\$ 495</u>	<u>\$ 2,104,529</u>	<u>\$ 51,678</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal financial assistance	\$ 46,629	\$ -	\$ 46,629
State categorical aid	176,094	9,876	185,970
Total	<u>\$ 222,723</u>	<u>\$ 9,876</u>	<u>\$ 232,599</u>

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due in One Year</u>
Long-Term Liabilities					
General obligation bonds	\$ 11,670,000	\$ 5,700,000	\$ (1,130,000)	\$ 16,240,000	\$ 1,165,000
Unamortized debt premium	903,876	126,618	(101,908)	928,586	-
Compensated absences	285,428	128,443	-	413,871	-
Total	<u>\$ 12,859,304</u>	<u>\$ 5,955,061</u>	<u>\$ (1,231,908)</u>	<u>\$ 17,582,457</u>	<u>\$ 1,165,000</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Compensated absences will be paid by the General Fund, the Child Development Fund, and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

<u>Issuance Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2021</u>
July 2013	August 2029	2.00-5.00%	\$ 17,650,000	\$ 11,670,000	\$ -	\$ (1,130,000)	\$ 10,540,000
May 2021	August 2024	1.00-1.50%	5,700,000	-	5,700,000	-	5,700,000
				<u>\$ 11,670,000</u>	<u>\$ 5,700,000</u>	<u>\$ (1,130,000)</u>	<u>\$ 16,240,000</u>

2013 General Obligation Refunding Bonds

In July 2013, the District issued the 2013 General Obligation Refunding Bonds in the amount of \$17,650,000. The bonds mature through August 1, 2029, with interest rates ranging from 2.00 to 5.00%. The bonds were issued to refund the District's outstanding principal balance of the Golden West Schools Financing Authority 2005 General Obligation Bonds and pay costs of issuance for the bonds. At June 30, 2021, the principal balance outstanding was \$10,540,000, and the remaining unamortized premium was \$805,300. Deferred charges on the refunding amounted to \$645,382 at June 30, 2021.

2021 Election General Obligation Bonds, 2021 Series A

In May 2021, the District issued the 2021 Election General Obligation Bonds, 2021 Series A in the amount of \$5,700,000. The 2021 Series A bonds represent the first in a series of bonds not to exceed \$80,000,000, approved by at least 55% of the voters in November 2020. The 2021 Series A bonds were issued as current interest bonds at an aggregate price of \$5,826,618, including the principal amount of \$5,700,000, plus an original issue premium of \$126,618 and costs of issuance of \$177,567.

The bonds have a final maturity of August 1, 2024, with interest rates ranging from 1.00 to 1.50%. Proceeds from the sale of the bonds will be used repair and renovate school facilities, including upgrading technology, improving handicap accessibility, increasing the use of renewable energy, and to pay costs of issuance for the bonds. At June 30, 2021, the principal balance outstanding was \$5,700,000, and the remaining unamortized premium was \$123,286.

Debt Service Requirements to Maturity

The bonds mature through 2030 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 1,165,000	\$ 475,125	\$ 1,640,125
2023	3,630,000	482,900	4,112,900
2024	3,980,000	394,050	4,374,050
2025	1,955,000	303,425	2,258,425
2026	1,415,000	229,675	1,644,675
2027-2030	4,095,000	272,400	4,367,400
	<u>\$ 16,240,000</u>	<u>\$ 2,157,575</u>	<u>\$ 18,397,575</u>
Total	<u>\$ 16,240,000</u>	<u>\$ 2,157,575</u>	<u>\$ 18,397,575</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$413,871.

Note 9 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	OPEB Expense
Medicare Premium Payment (MPP) Program	\$ 343,815	\$ 46,616

The details of this plan are as follows:

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$343,815 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0811%, and 0.0798%, resulting in a net increase in the proportionate share of 0.0013%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$46,616.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 380,184
Current discount rate (2.21%)	343,815
1% increase (3.21%)	312,869

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 311,749
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	343,815
1% increase (5.50% Part A and 6.40% Part B)	380,730

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ 500	\$ 5,500
Stores inventories	-	-	-	17,437	17,437
Prepaid expenditures	34,672	-	-	-	34,672
Total nonspendable	<u>39,672</u>	<u>-</u>	<u>-</u>	<u>17,937</u>	<u>57,609</u>
Restricted					
Legally restricted programs	1,826,983	-	-	20,947	1,847,930
Food service	-	-	-	1,689,494	1,689,494
Capital projects	-	5,523,295	750,464	-	6,273,759
Debt service	-	-	-	2,292,778	2,292,778
Total restricted	<u>1,826,983</u>	<u>5,523,295</u>	<u>750,464</u>	<u>4,139,040</u>	<u>12,239,782</u>
Assigned					
Deferred maintenance	-	-	-	697,416	697,416
Other	2,011,187	-	-	-	2,011,187
Total assigned	<u>2,011,187</u>	<u>-</u>	<u>-</u>	<u>697,416</u>	<u>2,708,603</u>
Unassigned					
Reserve for economic uncertainties	1,760,385	-	-	-	1,760,385
Remaining unassigned	9,495,487	-	-	-	9,495,487
Total unassigned	<u>11,255,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,255,872</u>
Total	<u>\$ 15,133,714</u>	<u>\$ 5,523,295</u>	<u>\$ 750,464</u>	<u>\$ 4,854,393</u>	<u>\$ 26,261,866</u>

Note 11 - Risk Management

The District is exposed to various risks of losses related to torts; thefts, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District's risk management activities are recorded in the General Fund. The District participates in the various public entity risk pools for health, workers' compensation, and property and liability risks. As of June 30, 2021, information was not available that indicates that the District has an outstanding obligation for any calculated deficits. See Note 14 for additional information regarding the pools.

Employee Medical Benefits

For fiscal year 2021, the district participated in the Self-Insured Schools of California III (SISC III), a public entity risk pool. The intent of SISC III is to achieve lower medical costs for member districts by virtue of its grouping and representation with other participants in SISC III.

Workers' Compensation

For fiscal year 2021, the District participated in the Santa Barbara Self-Insurance Program for Employees (SBSIPE). The intent of the SBSIPE is to achieve the benefit of reduced workers' compensation costs by virtue of its grouping and representation with other participants in the SBSIPE. The workers' compensation rate is common for all districts in the SBSIPE, with each member's experience used to calculate its actual applied rate. Participation in the SBSIPE is limited to districts that can meet the SBSIPE's selection criteria.

Property and Liability

For fiscal year 2021, the District participated in the Self-Insured Schools of California II (SISC II) for property and liability insurance coverage. Settled claims have not exceeded coverage limits in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 45,121,328	\$ 12,252,776	\$ 2,664,989	\$ 6,168,475
CalPERS	23,845,168	4,652,339	353,581	5,005,913
Total	<u>\$ 68,966,496</u>	<u>\$ 16,905,115</u>	<u>\$ 3,018,570</u>	<u>\$ 11,174,388</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$4,190,363.

Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 45,121,328
State's proportionate share of the net pension liability	<u>23,260,050</u>
Total	<u><u>\$ 68,381,378</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0466% and 0.0451%, resulting in a net increase in the proportionate share of 0.0015%.

For the year ended June 30, 2021, the District recognized pension expense of \$6,168,475. In addition, the District recognized pension expense and revenue of \$626,174 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,190,363	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,511,004	1,392,491
Differences between projected and actual earnings on pension plan investments	1,071,822	-
Differences between expected and actual experience in the measurement of the total pension liability	79,618	1,272,498
Changes of assumptions	<u>4,399,969</u>	<u>-</u>
Total	<u><u>\$ 12,252,776</u></u>	<u><u>\$ 2,664,989</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (654,021)
2023	365,189
2024	728,595
2025	632,059
Total	<u>\$ 1,071,822</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 1,262,711
2023	1,005,284
2024	1,397,749
2025	227,650
2026	286,330
Thereafter	145,878
Total	<u>\$ 4,325,602</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, 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	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 68,172,041
Current discount rate (7.10%)	45,121,328
1% increase (8.10%)	26,089,718

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$2,438,337.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$23,845,168. net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0777% and 0.0768%, resulting in a net increase in the proportionate share of 0.0009%.

For the year ended June 30, 2021, the District recognized pension expense of \$5,005,913. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,438,337	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	447,534	353,581
Differences between projected and actual earnings on pension plan investments	496,380	-
Differences between expected and actual experience in the measurement of the total pension liability	1,182,647	-
Changes of assumptions	87,441	-
Total	\$ 4,652,339	\$ 353,581

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (185,756)
2023	165,687
2024	287,992
2025	228,457
Total	\$ 496,380

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,005,324
2023	351,828
2024	9,718
2025	(2,829)
Total	\$ 1,364,041

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 34,281,777
Current discount rate (7.15%)	23,845,168
1% increase (8.15%)	15,183,306

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,632,331 (10.328% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

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

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Self-Insured Schools of California II and III (SISC II and SISC III), and the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, health benefits, and workers' compensation coverage, respectively. The relationships between the District, the pools, and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of \$367,576, \$4,822,938, and \$445,945, to SISC II, SISC III, and SIPE, respectively, for services received.

Note 15 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Goleta Union School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – General Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Total Governmental Funds
Governmental Fund Financial Statements		
The restatement of fund balance is identified as follows		
Beginning fund balance previously reported June 30, 2020	\$ 12,916,106	\$ 17,913,030
Reclassification of student activity from agency funds to the General Fund	597,473	597,473
Fund Balance restated as of July 1, 2020	\$ 13,513,579	\$ 18,510,503
Government-Wide Financial Statements		
The restatement of net position is identified as follows		
Net Position (deficit) previously reported June 30, 2020		\$ (20,011,805)
Reclassification of student activity from agency funds to the General Fund		597,473
Net Position (deficit) restated as of July 1, 2020		\$ (19,414,332)



Required Supplementary Information
June 30, 2021

Goleta Union School District

Goleta Union School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 46,753,659	\$ 48,136,304	\$ 47,923,145	\$ (213,159)
Federal sources	1,409,158	4,820,558	3,630,979	(1,189,579)
Other State sources	5,390,327	7,747,786	6,147,909	(1,599,877)
Other local sources	4,024,284	2,801,298	2,787,407	(13,891)
Total revenues	<u>57,577,428</u>	<u>63,505,946</u>	<u>60,489,440</u>	<u>(3,016,506)</u>
Expenditures				
Current				
Certificated salaries	24,638,042	26,778,270	26,789,365	(11,095)
Classified salaries	11,721,176	11,307,063	11,736,600	(429,537)
Employee benefits	14,965,212	14,551,331	12,895,018	1,656,313
Books and supplies	2,233,812	3,812,713	2,773,253	1,039,460
Services and operating expenditures	3,919,408	4,476,894	4,152,305	324,589
Other outgo	292,204	249,911	247,833	2,078
Capital outlay	40,000	9,000	34,931	(25,931)
Total expenditures	<u>57,809,854</u>	<u>61,185,182</u>	<u>58,629,305</u>	<u>2,555,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(232,426)</u>	<u>2,320,764</u>	<u>1,860,135</u>	<u>(460,629)</u>
Other Financing Uses				
Transfers out	<u>(15,000)</u>	<u>(225,000)</u>	<u>(240,000)</u>	<u>(15,000)</u>
Net Change in Fund Balances	(247,426)	2,095,764	1,620,135	(475,629)
Fund Balance - Beginning, as restated	<u>13,513,579</u>	<u>13,513,579</u>	<u>13,513,579</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 13,266,153</u></u>	<u><u>\$ 15,609,343</u></u>	<u><u>\$ 15,133,714</u></u>	<u><u>\$ (475,629)</u></u>

Goleta Union School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0811%	0.0798%	0.0769%	0.0784%
Proportionate share of the net OPEB liability	\$ 343,815	\$ 297,199	\$ 294,247	\$ 329,734
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Goleta Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CalSTRS				
Proportion of the net pension liability	0.0466%	0.0451%	0.0428%	0.0433%
Proportionate share of the net pension liability	\$ 45,121,328	\$ 40,745,052	\$ 39,362,648	\$ 40,035,990
State's proportionate share of the net pension liability	23,260,050	22,229,146	22,536,957	23,684,954
Total	<u>\$ 68,381,378</u>	<u>\$ 62,974,198</u>	<u>\$ 61,899,605</u>	<u>\$ 63,720,944</u>
Covered payroll	<u>\$ 25,280,374</u>	<u>\$ 24,029,177</u>	<u>\$ 23,293,472</u>	<u>\$ 22,915,334</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>178.48%</u>	<u>169.56%</u>	<u>168.99%</u>	<u>174.71%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.0777%	0.0768%	0.0746%	0.0703%
Proportionate share of the net pension liability	<u>\$ 23,845,168</u>	<u>\$ 22,392,239</u>	<u>\$ 19,895,351</u>	<u>\$ 16,776,727</u>
Covered payroll	<u>\$ 11,226,784</u>	<u>\$ 10,550,055</u>	<u>\$ 9,847,724</u>	<u>\$ 8,961,362</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.40%</u>	<u>212.25%</u>	<u>202.03%</u>	<u>187.21%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Goleta Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS			
Proportion of the net pension liability	<u>0.0450%</u>	<u>0.0480%</u>	<u>0.0450%</u>
Proportionate share of the net pension liability	<u>\$ 36,394,148</u>	<u>\$ 32,285,352</u>	<u>\$ 25,671,298</u>
State's proportionate share of the net pension liability	<u>20,718,539</u>	<u>17,075,415</u>	<u>14,119,214</u>
Total	<u>\$ 57,112,687</u>	<u>\$ 49,360,767</u>	<u>\$ 39,790,512</u>
Covered payroll	<u>\$ 22,501,920</u>	<u>\$ 21,723,547</u>	<u>19,972,752</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>161.74%</u>	<u>148.62%</u>	<u>128.53%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	<u>0.0716%</u>	<u>0.0774%</u>	<u>0.0774%</u>
Proportionate share of the net pension liability	<u>\$ 14,141,619</u>	<u>\$ 11,403,925</u>	<u>\$ 8,793,441</u>
Covered payroll	<u>\$ 8,579,345</u>	<u>\$ 8,607,968</u>	<u>8,080,065</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.83%</u>	<u>132.48%</u>	<u>108.83%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

Goleta Union School District
Schedule of District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CaISTRS				
Contractually required contribution	\$ 4,190,363	\$ 4,322,944	\$ 3,911,950	\$ 3,361,248
Less contributions in relation to the contractually required contribution	<u>4,190,363</u>	<u>4,322,944</u>	<u>3,911,950</u>	<u>3,361,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 25,946,520</u>	<u>\$ 25,280,374</u>	<u>\$ 24,029,177</u>	<u>\$ 23,293,472</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CaIPERS				
Contractually required contribution	\$ 2,438,337	\$ 2,214,034	\$ 1,905,551	\$ 1,529,450
Less contributions in relation to the contractually required contribution	<u>2,438,337</u>	<u>2,214,034</u>	<u>1,905,551</u>	<u>1,529,450</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 11,779,406</u>	<u>\$ 11,226,784</u>	<u>\$ 10,550,055</u>	<u>\$ 9,847,724</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

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

Goleta Union School District
Schedule of District Contributions
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CaISTRS			
Contractually required contribution	\$ 2,882,749	\$ 2,414,456	\$ 1,929,051
Less contributions in relation to the contractually required contribution	<u>2,882,749</u>	<u>2,414,456</u>	<u>1,929,051</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 22,915,334</u>	<u>\$ 22,501,920</u>	<u>\$ 21,723,547</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS			
Contractually required contribution	\$ 1,244,554	\$ 1,016,395	\$ 1,013,244
Less contributions in relation to the contractually required contribution	<u>1,244,554</u>	<u>1,016,395</u>	<u>1,013,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,961,362</u>	<u>\$ 8,579,345</u>	<u>\$ 8,607,969</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

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

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

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

Schedule of District Contributions

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



Supplementary Information
June 30, 2021

Goleta Union School District

Goleta Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Elementary and Secondary Education Act, as amended			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	\$ 485,944
Title II, Part A - Supporting Effective Instruction	84.367	14341	80,615
Title III - English Learner Student Program	84.365	14346	103,626
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	749,534
Preschool Grants, Part B, Section 619	84.173	13430	<u>43,669</u>
Subtotal Special Education (IDEA) Cluster			<u>793,203</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	298,888
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	309,397
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	<u>4,140</u>
Subtotal			<u>612,425</u>
Total U.S. Department of Education			<u>2,075,813</u>
U.S. Department of Treasury			
Passed through CDE			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>1,554,915</u>
Total U.S. Department of Treasury			<u>1,554,915</u>

Goleta Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Commodities	10.555	13396	\$ 252,207
Meal Supplements	10.555	13755	<u>47,183</u>
Subtotal			<u>299,390</u>
Seamless Summer Feeding Program Operations	10.559	13004	2,306,358
Seamless Summer Feeding Program Administration	10.559	13006	<u>236,475</u>
Subtotal			<u>2,542,833</u>
Subtotal Child Nutrition Cluster			<u>2,842,223</u>
Passed through CDE			
Fresh Fruit & Vegetable Program	10.582	14968	14,268
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	<u>251</u>
Subtotal Forest Service Schools and Roads Cluster			<u>251</u>
Total U.S. Department of Agriculture			<u>2,856,742</u>
Total Federal Financial Assistance			<u>\$ 6,487,470</u>

Organization

The Goleta Union School District was established in 1925. The District operates nine elementary schools. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Luz Reyes-Martin	President	2022
Carin Ezal	Vice President	2022
Dr. Richard E. Mayer	Clerk	2022
Dr. Vicki Ben-Yaacov	Member	2024
Sholeh Jahangir	Member	2024

Administration

Dr. Donna S. Lewis	Superintendent
Dr. Cherilyn Lew	Deputy Superintendent, Pupil Services
Dr. Mary Kahn	Assistant Superintendent, Instructional Services
David Simmons	Assistant Superintendent, Human Resources
Conrad Tedeschi	Assistant Superintendent, Fiscal Services

Goleta Union School District
 Schedule of Instructional Time
 Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	N/A	N/A	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	N/A	180	Complied
Grade 2	180	N/A	N/A	180	Complied
Grade 3	180	N/A	N/A	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	N/A	180	Complied
Grade 5	180	N/A	N/A	180	Complied
Grade 6	180	N/A	N/A	180	Complied

Goleta Union School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2021

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

	General Fund	Cafeteria Non-Major Governmental Fund
Fund Balance		
Balance, June 30, 2021, Audited Actuals	\$ 13,916,788	\$ 1,707,431
Increase in		
Cash in banks	448,895	-
Receivables	768,031	135,821
Balance, June 30, 2021, Audited Financial Statements	\$ 15,133,714	\$ 1,843,252

Goleta Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2021 ¹	2021	2020 as restated	2019
General Fund Revenues	\$ 63,320,645	\$ 60,489,440	\$ 59,004,886	\$ 56,581,033
Expenditures	62,940,243	58,629,305	58,956,512	55,499,398
Other uses	245,224	240,000	336,199	226,301
Total expenditures and other uses	<u>63,185,467</u>	<u>58,869,305</u>	<u>59,292,711</u>	<u>55,725,699</u>
Increase/(Decrease) in Fund Balance	<u>135,178</u>	<u>1,620,135</u>	<u>(287,825)</u>	<u>855,334</u>
Ending Fund Balance	<u>\$ 15,268,892</u>	<u>\$ 15,133,714</u>	<u>\$ 13,513,579</u>	<u>\$ 13,203,931</u>
Available Reserves ²	<u>\$ 12,452,166</u>	<u>\$ 11,255,872</u>	<u>\$ 10,221,702</u>	<u>\$ 10,554,365</u>
Available Reserves as a Percentage of Total Outgo	<u>19.71%</u>	<u>19.12%</u>	<u>17.24%</u>	<u>18.94%</u>
Long-Term Liabilities including OPEB and Pension	<u>N/A</u>	<u>\$ 86,892,768</u>	<u>\$ 76,293,794</u>	<u>\$ 73,863,562</u>
K-12 Average Daily Attendance at P-2	<u>3,257</u>	<u>3,491</u>	<u>3,491</u>	<u>3,434</u>

The General Fund balance has increased by \$1,929,783 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$135,178 (0.9%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$13,029,206 over the past two years.

Average daily attendance has increased by 57 over the past two years. However, a decrease of 234 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Goleta Union School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 45,744	\$ 1,397,224	\$ 696,953	\$ 2,290,983	\$ 4,430,904
Receivables	23,990	454,427	463	1,795	480,675
Stores inventories	-	17,437	-	-	17,437
Total assets	\$ 69,734	\$ 1,869,088	\$ 697,416	\$ 2,292,778	\$ 4,929,016
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 21,862	\$ 25,836	\$ -	\$ -	\$ 47,698
Due to other funds	17,049	-	-	-	17,049
Unearned revenue	9,876	-	-	-	9,876
Total liabilities	48,787	25,836	-	-	74,623
Fund Balances					
Nonspendable	-	17,937	-	-	17,937
Restricted	20,947	1,825,315	-	2,292,778	4,139,040
Assigned	-	-	697,416	-	697,416
Total fund balances	20,947	1,843,252	697,416	2,292,778	4,854,393
Total liabilities and fund balances	\$ 69,734	\$ 1,869,088	\$ 697,416	\$ 2,292,778	\$ 4,929,016

Goleta Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ 20,948	\$ 2,856,491	\$ -	\$ -	\$ 2,877,439
Other State sources	437,585	142,346	-	5,162	585,093
Other local sources	13,889	170,327	3,151	1,712,030	1,899,397
Total revenues	472,422	3,169,164	3,151	1,717,192	5,361,929
Expenditures					
Current					
Instruction	941	-	-	-	941
Instruction-related activities					
Supervision of instruction	23,567	-	-	-	23,567
School site administration	510	-	-	-	510
Pupil services					
Food services	-	1,808,169	-	-	1,808,169
Administration					
All other administration	17,312	-	-	-	17,312
Plant services	-	-	165,429	-	165,429
Community services	409,655	-	-	-	409,655
Facility acquisition and construction	-	-	128,189	-	128,189
Debt service					
Principal	-	-	-	1,130,000	1,130,000
Interest and other	-	-	-	527,576	527,576
Total expenditures	451,985	1,808,169	293,618	1,657,576	4,211,348
Excess (Deficiency) of Revenues Over Expenditures	20,437	1,360,995	(290,467)	59,616	1,150,581
Other Financing Sources					
Transfers in	-	-	240,000	-	240,000
Other sources - premium from issuance of general obligation bonds	-	-	-	126,618	126,618
Net Financing Sources	-	-	240,000	126,618	366,618
Net Change in Fund Balances	20,437	1,360,995	(50,467)	186,234	1,517,199
Fund Balance - Beginning, as restated	510	482,257	747,883	2,106,544	3,337,194
Fund Balance - Ending	\$ 20,947	\$ 1,843,252	\$ 697,416	\$ 2,292,778	\$ 4,854,393

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Goleta Union School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Goleta Union School District, it is not intended to and does not present the net position of Goleta Union School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the value of food commodities in inventory at year-end was insignificant.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the General Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		\$ 6,508,418
Child Development: COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	93.575	(20,948)
Total Federal Financial Assistance		\$ 6,487,470

Local Education Agency Organization Structure

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2021

Goleta Union School District



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

To the Governing Board
Goleta Union School District
Goleta, California

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, Goleta Union School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Goleta Union 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 Goleta Union School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Goleta Union 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 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Financial Statement Findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goleta Union 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 determination of financial statements. amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Goleta Union School District in a separate letter dated January 31, 2022.

Goleta Union School District's Response to Findings

Goleta Union School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Goleta Union School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Rancho Cucamonga, California
January 31, 2022



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

To the Governing Board
Goleta Union School District
Goleta, California

Report on Compliance for Each Major Federal Program

We have audited Goleta Union 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 Goleta Union School District's major federal programs for the year ended June 30, 2021. Goleta Union 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 Goleta Union 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 Goleta Union 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 Goleta Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Goleta Union School District's 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each federal program is not modified with respect to these matters.

Goleta Union School District's response to the noncompliance findings identified in our audit are described in the accompanying Federal Awards Findings and Questioned Costs. Goleta Union School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Goleta Union 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 Goleta Union 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 the Goleta Union 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 that we consider to be a significant deficiency.

Goleta Union School District's response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. Goleta Union School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 31, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Goleta Union School District
Goleta, California

Report on State Compliance

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

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
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
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Unmodified Opinion

In our opinion, Goleta Union School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Goleta Union School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Special Education (IDEA) Cluster	84.027, 84.173
Child Nutrition Cluster	10.555, 10.559
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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The following findings represent material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

	Five Digit Code	AB 3627 Finding Type
	30000	Internal Control
2021-001	Code 40000	

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include consideration for reporting of the former fiduciary agency fund activity in accordance Government Accounting Standards Board Statement 84 (GASB 84). The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

GASB 84 eliminates the category of fiduciary agency funds and requires an analysis of the activity formerly reported in those funds to determine the correct reporting under the new format. Depending on the characteristics of each fund, the options are to report the activity in a new or existing governmental fund or a fiduciary custodial fund. A third option not available to the District is reporting the activity in a fiduciary trust fund. The District has no trust funds.

In short, activities controlled or authorized by District staff must be reported in a governmental fund. Activities for funds that belong to entities other than the District or to individuals and over which District staff have no discretion are reported in fiduciary custodial funds.

Condition

The District did not include the former agency fund activity related to school site accounts and payroll clearing in a governmental fund. Since the District did not create a separate fund for these activities, they must be included in the General Fund.

Questioned Costs

There were no questioned costs identified due to the condition noted.

Context

The condition was identified through inquiry and review of the District’s unaudited actuals reporting package, general ledger activity and the prior year audited financial statements.

Effect

Due to the condition identified, the District did not properly include seven sites' bank account activity in the District's financial statements. The result is an audit adjustment totaling \$448,895. In addition, assets and liabilities related to the payroll clearing account, currently included in the District's unaudited actuals reporting package as Self-Insurance Fund 67, were not included in the General Fund. Assets and liabilities are equal for the payroll clearing activity, resulting in no adjustment.

This resulted in a deficiency in the preparation of the financial statements that was not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the condition identified is inaccurate classification of the District's financial activity.

Repeat Finding

No

Recommendation

The District should include the activity related to school site accounts and payroll clearing in the General Fund or a newly-established governmental fund. A thorough review of the District's financial statements should take place before the District's financial statements are finalized by the District's business department.

The activity for funds received on behalf of the Santa Barbara County Special Education Local Plan Area (SBCSELPA) and for employee flexible spending accounts authorized under Internal Revenue Code Section 125 will remain in fiduciary funds but will be classified as custodial rather than agency.

Corrective Action Plan and Views of Responsible Officials

These external bank accounts have been managed by the sites and contain amounts fundraised by students to be used toward their sixth-grade camp experiences. In the past, the District had not directed the activity in the accounts. An effort began two years ago to eliminate all the school site external accounts and momentum slowed during the pandemic shutdown of 2020-2021. All of the remaining accounts will be closed, and activity moved into the District General Fund by June 30, 2022. This will ensure that all cash balances and activity are properly accounted for on the District books and will be under the District umbrella of internal controls.

The District Self Insurance Fund has been used to deposit employee and employer contributions for District health insurance programs until the bills come due to pay the premiums to SISC when they come due. Activity in this fund will be moved and reclassified in a governmental fund by June 30, 2022, eliminating the fiduciary fund that they had been account for in the past.

2021-002 Code 40000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

Condition

During the course of our engagement, we identified material misstatements of balance within the District's 2020-2021 unaudited actuals financial report. Through review of supporting records, we noted that the cash in bank balance in the General Fund was understated by \$448,895 and the receivables balance in the General Fund was understated by \$768,031. In the Cafeteria Non-Major Governmental Fund, the receivables balance was understated by \$135,821.

Questioned Costs

There were no questioned costs identified due to the condition noted.

Context

In the General Fund, the condition was identified through inquiry and audit of the District's records related to the school site activity accounts and Local Control Funding Formula revenue. In the Cafeteria Non-Major Governmental Fund, the condition was identified through audit of meal claim reimbursements.

Effect

Due to the conditions identified, the ending fund balance in the General Fund was understated by \$1,216,926, and the ending fund balance in the Cafeteria Non-Major Governmental Fund was understated by \$135,821.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the school site activity accounts, the Local Control Funding Formula revenue, and the Cafeteria reimbursement claim process.

Repeat Finding

No

Recommendation

Management should review financial accounts to ensure that each has been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The understatement due to the balances in the school site accounts will be fixed by eliminating all the outside bank accounts requiring schools to account for fundraising in the District General Fund. All the remaining accounts will be closed, and activity moved into the District General Fund by June 30, 2022. This will ensure that all cash balances and activity are properly accounted for on the District books and will be under the District umbrella of internal controls.

The LCFF Revenue understatement is due to the State deferral of State Aid that was accounted for on a cash basis. After June 30, any revenues received by the District and before the books are closed in August are evaluated for which period they belong and properly posted to that period in the Escape Software system. If the selection was the prior year, then the Escape Software will automatically generate an accrual in Escape that will be posted to June 30 and reversed July 1. The LCFF amount was not received directly by the District and was posted by the County on a cash basis. District staff should have identified the revenue and posted the accrual manually. This amount was properly budgeted for throughout the year in 2020-21 and was accounted for in the next year on a cash basis. The Assistant Superintendent of Fiscal Services will continue to review revenue postings in Escape and will make sure to review all material revenue amounts posted by the County from July through the end of August to ensure they are posted to the proper accounting period as well.

Posting of revenues in the Cafeteria Fund are very much in arrears. All revenue posted is reconciled to the amount on the CNIPS claim filed. The Assistant Superintendent of Fiscal Services will review all revenues posted in the Cafeteria Fund prior to closing the books to ensure revenue is in the proper period resulting in correct fund balances for the District financial statements.

The following finding represents a significant deficiency that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2021-003 Code 50000

Federal Program Affected
Child Nutrition Cluster
CFDA: 10.555, 10.559
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Agriculture

Criteria or Specific Requirements

Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.320 provides procedures that must be followed by recipients and subrecipients of Federal awards to ensure that proper methods of procurement are used for the acquisition of property or services required under a Federal Award or sub-award. For small purchases, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity. Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 provides procedures that must be followed by recipients and subrecipients of Federal awards to avoid entering into covered transactions with certain parties that are debarred, suspended, or excluded from participation in Federal assistance programs. These procedures include searching for such exclusions on the System of Award Management (SAM), collecting a certification from such parties, or adding a clause or condition to the covered transaction with those parties.

Condition

Two covered transactions tested did not contain documentation to support the District's compliance with the required procedures identified in Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.320. Specifically, the District did not maintain supporting documentation to show that price or rate quotations were obtained from multiple vendors and reasoning for selecting such vendor. In addition, the District could not provide documentation to support the District's compliance with required procedures identified in Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300. Specifically, the District did not maintain supporting records for these covered transactions to indicate the District's search for exclusions on the SAM in the current fiscal year.

Questioned Costs

There were no questioned costs associated with the finding.

Context

This condition was identified as a result of our audit of Federal programs. Through inquiry with the District's Business Services personnel and through review of supporting documentation, the errors noted were identified.

Effect

The District has been engaging in procurement activities without proper documentation of the procurement processes being used and without verifying if parties are suspended or debarred from participation in Federal assistance programs. The District currently assumes all the risk of non-compliance with requirements stated under Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.320 and Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 due to lack of implemented review and monitoring procedures.

Cause

The condition identified appears to have materialized due to the District's lack of awareness of requirements under Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.320 and Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300.

Repeat Finding (Yes or No)

No.

Recommendation

The District should review the requirements stated in Title 2, Code of Federal Regulations, Part 200, Subpart D, Section 200.320 and Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300 to implement a procedure to address the deficiency currently identified with the District's procurement process.

Corrective Action Plan and Views of Responsible Officials

The Food Service Department has always received informal price quotations for food throughout the year to determine which vendors would be used for which food products. Procedures will be put in place to ensure proper formal documentation of the price comparisons exist and are maintained per Title 2, Code of Regulations, Part 200, Subpart D, Section 200.320.

Procedures will also be put in place to ensure that adequate documentation exists to ensure compliance with Title 2, Code of Federal Regulations, Part 180, Subpart C, Section 180.300. Food Services Staff check on the SAM website to ensure that vendors have not been debarred, suspended, or excluded from participation in Federal assistance programs and will maintain proper documentation of those searches and the results.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2020-001 Code 40000

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include consideration for reporting of the Santa Barbara County Special Education Local Plan Area (SBCSELPA) pass through activities in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Pass-through grants are those grants that are received by a recipient government to transfer to or spend on behalf of a secondary recipient. Governmental Accounting Standards Board (GASB) Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the recipient government (local educational agency, LEA) to recognize all cash pass-through grants in an agency fund when it has no administrative or direct financial involvement in the program.

The California School Accounting Manual (CSAM) defines accounting fields, including funds, to be used by local educational agencies (LEAs). Fund 10 is classified as a special revenue fund.

Condition

As auditors, we are requested to draft the financial statements and accompanying notes to the financial statements.

The District receives federal and state funding on behalf of the SBCSELPA and distributes these funds to SBCSELPA member districts. The District uses Fund 10 to account for this activity. Since the District has no administrative or direct financial involvement in the program, this activity should be reported in an agency fund. Funding received for the District's own use is posted directly to the General Fund.

Questioned Costs

There were no questioned costs identified due to the condition noted.

Context

The condition was identified through inquiry and review of the District's unaudited actuals reporting package.

Effect

Due to the condition identified, the District includes the activity related to the SBCSELPA in a special revenue fund rather than an agency fund. This resulted in a deficiency in the preparation of the financial statements that was not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the condition identified appears to be inaccurate classification of the District's financial activity.

Repeat Finding

No

Recommendation

The District should include the activity related to the SBCSELPA funding in an agency fund rather than a special revenue fund. A thorough review of the District's financial statements should take place before the District's financial statements are finalized by the District's business department.

Current Status

Implemented

State Compliance Findings

2020-002 Code 40000

Criteria or Specific Requirements

According to *Education Code* Section 8483(a)(2), elementary school pupils are to participate in the full day of the after-school program every day during which pupils participate, except as consistent with the established early release policy. In addition, adequate documentation that supports student attendance must be maintained for each site that offers the program.

According to *Education Code* Section 8483.1(a)(2)(A), elementary school pupil should participate in the full day of the before school program every day during which pupils participate, except when arriving later in accordance with the established late arrival policy or as reasonably necessary. A pupil who attends less than one-half of the daily program hours shall not be counted for the purposes of attendance.

Condition

Documentation supporting the number of students served does not agree with the amounts reported on the semi-annual report for the after-school program at El Camino Elementary School and the before-school program at Isla Vista Elementary School for the month of October 2019.

Variances were a result of a lack of documentation for the reason for early sign out, sign-out time missing, and human error.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with the condition.

Context

The condition identified was determined through a review of attendance records from the after-school program at El Camino Elementary School and the before-school program at Isla Vista Elementary. Manual sign in/sign-out rosters were reviewed for each child's sign-out/sign-in time for the first semiannual reporting period. The auditor then compared the manual rosters to the summaries used to report the number of students served.

Effect

There is not sufficient documentation to support the number of students served as reported to the California Department of Education.

Cause

It appears that the condition identified has materialized as a result of the District including students in the attendance count who did not have documentation for early release or late arrival, as applicable, in accordance with the District's policy.

Repeat Finding

Yes, 2019-001.

Recommendation

The District should ensure adequate review of the attendance reports prior to submission to the California Department of Education. The District should ensure that early release and/or late arrival documentation is on file for all students who leave early or arrive late. In the event that students do not have a documented reason for early release or late arrival, the District should not include those students in their count of students served when summarizing attendance information on the semi-annual report.

Current Status

Requirements suspended for 2020-2021



Management
Goleta Union School District
Goleta, California

In planning and performing our audit of the financial statements of Goleta Union School District (the District) for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 31, 2022, on the government-wide financial statements of the District.

School Site Bank Accounts

Observation

- During the course of our engagement, we identified a lack of internal controls related to the school site bank accounts. Due to the conditions identified, we are unable to determine if all funds earned on behalf of the students at the sites has been accurately collected and deposited in the related bank accounts. The cause of the condition identified appears to be due to inadequate internal controls and monitoring of the activity at the sites.

Recommendation

- District Office management should implement internal controls regarding bank account reconciliations, cash collections, cash disbursements, and the use of sales analysis/revenue potential forms for the site bank accounts.

We will review the status of the current year comments during our next audit engagement.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 31, 2022