

**SANTA MARIA JOINT UNION HIGH SCHOOL
DISTRICT**

**AUDIT REPORT
JUNE 30, 2021**

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
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JUNE 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Maria Joint Union High 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 described in Note 1 and Note 15 to the basic financial statements, the Santa Maria Joint Union High School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of investment returns for OPEB, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of Santa Maria Joint Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Santa Maria Joint Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Maria Joint Union High School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 26, 2022

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

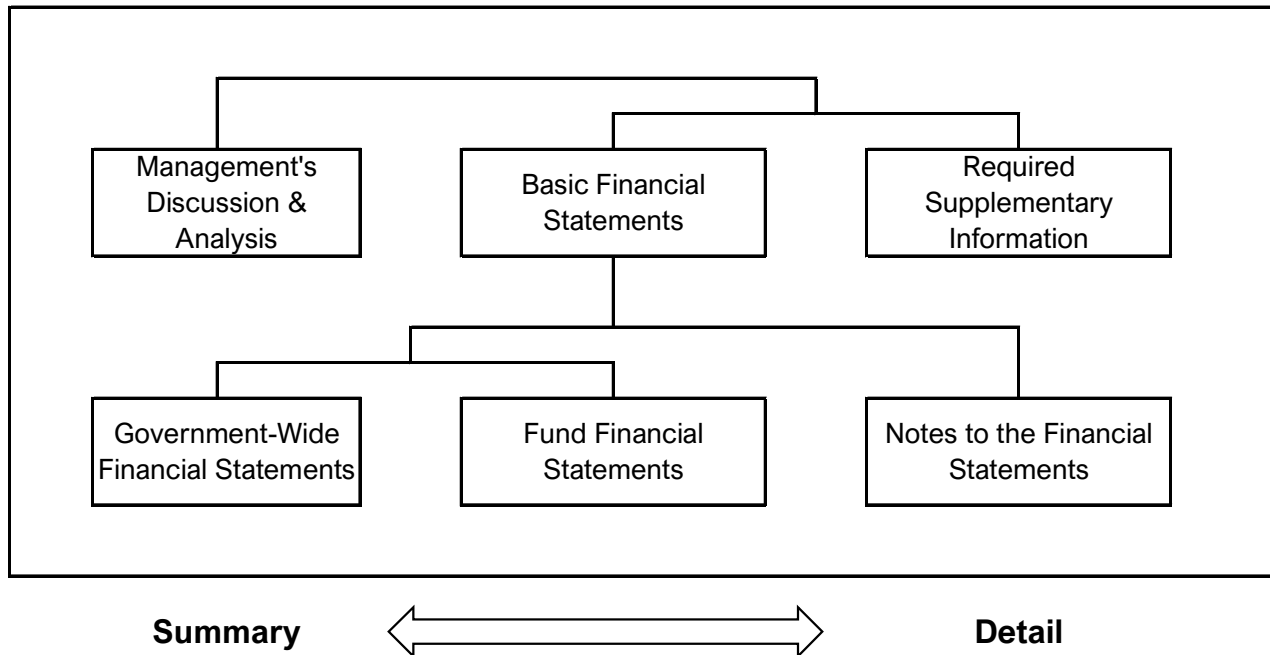
This discussion and analysis of Santa Maria Joint Union High School District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$69,043,030 at June 30, 2021. This was an increase of \$11,457,143 from the prior year, after restatement.
- Overall revenues were \$150,154,674 which exceeded expenses of \$138,697,531.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$69,043,030 at June 30, 2021, as reflected in the table below. Of this amount, \$(81,333,625) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	2020	Net Change
ASSETS			
Current and other assets	\$ 107,190,565	\$ 104,106,071	\$ 3,084,494
Capital assets	204,100,812	188,838,925	15,261,887
Total Assets	311,291,377	292,944,996	18,346,381
DEFERRED OUTFLOWS OF RESOURCES	30,477,081	32,881,079	(2,403,998)
LIABILITIES			
Current liabilities	18,433,765	19,788,319	(1,354,554)
Long-term liabilities	245,011,162	236,233,124	8,778,038
Total Liabilities	263,444,927	256,021,443	7,423,484
DEFERRED INFLOWS OF RESOURCES	9,280,501	13,767,392	(4,486,891)
NET POSITION			
Net investment in capital assets	104,608,225	97,693,273	6,914,952
Restricted	45,768,430	39,732,036	6,036,394
Unrestricted	(81,333,625)	(81,388,069)	54,444
Total Net Position	\$ 69,043,030	\$ 56,037,240	\$ 13,005,790

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see the District's total revenues and expenses for the year.

	Governmental Activities		
	2021	2020	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 2,944,136	\$ 3,874,382	\$ (930,246)
Operating grants and contributions	30,096,185	13,827,902	16,268,283
Capital grants and contributions	-	3,056,987	(3,056,987)
General revenues			
Property taxes	51,078,087	50,536,468	541,619
Unrestricted federal and state aid	64,837,091	63,211,634	1,625,457
Other	1,199,175	3,531,660	(2,332,485)
Total Revenues	150,154,674	138,039,033	12,115,641
EXPENSES			
Instruction	67,850,711	58,222,432	9,628,279
Instruction-related services	16,402,226	13,948,512	2,453,714
Pupil services	16,744,221	15,474,763	1,269,458
General administration	7,278,802	6,000,342	1,278,460
Plant services	14,142,622	13,134,480	1,008,142
Ancillary and community services	2,532,225	2,736,914	(204,689)
Debt service	4,528,988	4,880,371	(351,383)
Other outgo	3,097,939	2,142,285	955,654
Depreciation	6,119,797	5,599,624	520,173
Total Expenses	138,697,531	122,139,723	16,557,808
Change in net position	11,457,143	15,899,310	(4,442,167)
Net Position - Beginning, as Restated*	57,585,887	40,137,930	17,447,957
Net Position - Ending	\$ 69,043,030	\$ 56,037,240	\$ 13,005,790

**Beginning net position was restated for the 2021 year only.*

The cost of all our governmental activities this year was \$138,697,531 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$51,078,087 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District’s functions. 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.

	Net Cost of Services	
	2021	2020
Instruction	\$ 52,560,850	\$ 48,121,278
Instruction-related services	12,072,495	12,178,786
Pupil services	9,950,952	10,845,736
General administration	6,148,375	5,368,480
Plant services	10,854,658	11,564,222
Ancillary and community services	2,111,335	2,684,201
Debt service	4,528,988	4,880,371
Transfers to other agencies	1,309,760	137,754
Depreciation	6,119,797	5,599,624
Total Expenses	\$ 105,657,210	\$ 101,380,452

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$92,194,096 which is less than this year’s restated beginning fund balance of \$94,500,016. The District’s General Fund had \$15,651,145 more in operating revenues than expenditures during the year ended June 30, 2021. The District’s Building Fund had \$16,531,076 less in operating revenues than expenditures during the year ended June 30, 2021. The District’s County School Facilities Fund had \$32,643 less in operating revenues than expenditures during the year ended June 30, 2021. In addition, the District’s Bond Interest and Redemption Fund had \$1,273,429 less in operating revenues than expenditures during the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021, the District had invested \$204,100,812 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	\$ 12,293,183	\$ 12,293,183	\$ -
Construction in progress	24,458,835	30,243,308	(5,784,473)
Land improvements	24,221,393	23,482,880	738,513
Buildings & improvements	188,511,656	166,103,329	22,408,327
Furniture & equipment	28,315,945	24,512,855	3,803,090
Accumulated depreciation	(73,700,200)	(67,796,630)	(5,903,570)
Total Capital Assets	\$ 204,100,812	\$ 188,838,925	\$ 15,261,887

Long-Term Liabilities

At year-end, the District had \$245,011,162 in long-term liabilities, an increase of 3.72% from last year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 116,410,930	\$ 123,345,221	\$ (6,934,291)
Total certificates of participation	1,444,794	1,889,084	(444,290)
Compensated absences	779,930	750,211	29,719
Net OPEB liability	17,454,676	16,709,350	745,326
Net pension liability	112,356,383	101,950,090	10,406,293
Less: current portion of long-term liabilities	(3,435,551)	(8,410,832)	4,975,281
Total Long-term Liabilities	\$ 245,011,162	\$ 236,233,124	\$ 8,778,038

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19-induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the COVID-19 delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

The May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office at (805) 922-4573.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 83,080,094
Accounts receivable	23,890,611
Inventory	208,665
Prepaid expenses	11,195
Capital assets, not depreciated	36,752,018
Capital assets, net of accumulated depreciation	167,348,794
Total Assets	311,291,377
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	28,389,652
Deferred outflows related to OPEB	1,258,955
Deferred amount on refunding	828,474
Total Deferred Outflows of Resources	30,477,081
LIABILITIES	
Accrued liabilities	12,397,412
Unearned revenue	2,600,802
Long-term liabilities, current portion	3,435,551
Long-term liabilities, non-current portion	245,011,162
Total Liabilities	263,444,927
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,303,346
Deferred inflows related to OPEB	4,977,155
Total Deferred Inflows of Resources	9,280,501
NET POSITION	
Net investment in capital assets	104,608,225
Restricted:	
Capital projects	24,922,375
Debt service	10,839,920
Educational programs	6,312,006
Food service	2,406,867
Associated student body	1,287,262
Unrestricted	(81,333,625)
Total Net Position	\$ 69,043,030

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 67,850,711	\$ 692,243	\$ 14,597,618	\$ (52,560,850)
Instruction-related services				
Instructional supervision and administration	5,092,552	59,086	1,814,898	(3,218,568)
Instructional library, media, and technology	5,245,181	-	1,979,097	(3,266,084)
School site administration	6,064,493	2,614	474,036	(5,587,843)
Pupil services				
Home-to-school transportation	2,055,917	-	587,944	(1,467,973)
Food services	4,425,422	1,026	4,345,318	(79,078)
All other pupil services	10,262,882	45,071	1,813,910	(8,403,901)
General administration				
Centralized data processing	336,885	-	44,786	(292,099)
All other general administration	6,941,917	40,144	1,045,497	(5,856,276)
Plant services	14,142,622	911,530	2,376,434	(10,854,658)
Ancillary services	2,532,225	352,076	68,814	(2,111,335)
Interest on long-term debt	4,528,988	-	-	(4,528,988)
Other outgo	3,097,939	840,346	947,833	(1,309,760)
Depreciation (unallocated)	6,119,797	-	-	(6,119,797)
Total Governmental Activities	\$ 138,697,531	\$ 2,944,136	\$ 30,096,185	(105,657,210)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				40,881,670
Property taxes, levied for debt service				10,090,954
Property taxes, levied for other specific purposes				105,463
Federal and state aid not restricted for specific purposes				64,837,091
Interest and investment earnings				103,657
Interagency revenues				13,083
Miscellaneous				1,082,435
Subtotal, General Revenue				117,114,353
CHANGE IN NET POSITION				11,457,143
Net Position - Beginning, as Restated				57,585,887
Net Position - Ending				\$ 69,043,030

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 30,083,105	\$ 13,272,250	\$ 17,706,546	\$ 11,795,892	\$ 9,259,506	\$ 82,117,299
Accounts receivable	22,940,012	15,037	16,756	9,976	907,422	23,889,203
Due from other funds	12,642	-	-	-	1,350,886	1,363,528
Stores inventory	182,323	-	-	-	26,342	208,665
Prepaid expenditures	11,195	-	-	-	-	11,195
Total Assets	\$ 53,229,277	\$ 13,287,287	\$ 17,723,302	\$ 11,805,868	\$ 11,544,156	\$ 107,589,890
LIABILITIES						
Accrued liabilities	\$ 5,204,859	\$ 5,615,655	\$ -	\$ -	\$ 610,950	\$ 11,431,464
Due to other funds	1,350,886	-	-	-	12,642	1,363,528
Unearned revenue	2,600,802	-	-	-	-	2,600,802
Total Liabilities	9,156,547	5,615,655	-	-	623,592	15,395,794
FUND BALANCES						
Nonspendable	208,518	-	-	-	27,362	235,880
Restricted	6,312,006	7,671,632	17,723,302	11,805,868	10,893,202	54,406,010
Assigned	11,144,536	-	-	-	-	11,144,536
Unassigned	26,407,670	-	-	-	-	26,407,670
Total Fund Balances	44,072,730	7,671,632	17,723,302	11,805,868	10,920,564	92,194,096
Total Liabilities and Fund Balances	\$ 53,229,277	\$ 13,287,287	\$ 17,723,302	\$ 11,805,868	\$ 11,544,156	\$ 107,589,890

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds \$ 92,194,096

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 277,801,012	
Accumulated depreciation	<u>(73,700,200)</u>	204,100,812

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

828,474

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(965,948)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 116,410,930	
Total certificates of participation	1,444,794	
Compensated absences	779,930	
Net OPEB liability	17,454,676	
Net pension liability	<u>112,356,383</u>	(248,446,713)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 28,389,652	
Deferred inflows of resources related to pensions	<u>(4,303,346)</u>	24,086,306

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 1,258,955	
Deferred inflows of resources related to OPEB	<u>(4,977,155)</u>	(3,718,200)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

964,203

Total Net Position - Governmental Activities \$ 69,043,030

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 103,689,224	\$ -	\$ -	\$ -	\$ -	\$ 103,689,224
Federal sources	12,965,105	-	-	-	3,803,062	16,768,167
Other state sources	14,279,764	-	-	70,801	609,780	14,960,345
Other local sources	5,832,396	(68,886)	(32,643)	9,970,862	2,131,172	17,832,901
Total Revenues	136,766,489	(68,886)	(32,643)	10,041,663	6,544,014	153,250,637
EXPENDITURES						
Current						
Instruction	66,023,624	-	-	-	-	66,023,624
Instruction-related services						
Instructional supervision and administration	4,914,370	-	-	-	-	4,914,370
Instructional library, media, and technology	5,423,224	-	-	-	-	5,423,224
School site administration	5,651,869	-	-	-	-	5,651,869
Pupil services						
Home-to-school transportation	2,700,036	-	-	-	-	2,700,036
Food services	2,587	-	-	-	4,314,139	4,316,726
All other pupil services	9,629,416	-	-	-	-	9,629,416
General administration						
Centralized data processing	310,327	-	-	-	-	310,327
All other general administration	6,354,835	-	-	-	133,474	6,488,309
Plant services	14,102,560	201,138	-	-	286,380	14,590,078
Facilities acquisition and maintenance	359,031	16,329,938	-	-	1,361,142	18,050,111
Ancillary services	2,139,907	-	-	-	403,426	2,543,333
Transfers to other agencies	3,097,939	-	-	-	-	3,097,939
Debt service						
Principal	358,920	-	-	7,405,000	85,370	7,849,290
Interest and other	46,699	-	-	3,910,092	11,114	3,967,905
Total Expenditures	121,115,344	16,531,076	-	11,315,092	6,595,045	155,556,557
Excess (Deficiency) of Revenues Over Expenditures	15,651,145	(16,599,962)	(32,643)	(1,273,429)	(51,031)	(2,305,920)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	1,298,154	1,298,154
Transfers out	(1,298,154)	-	-	-	-	(1,298,154)
Net Financing Sources (Uses)	(1,298,154)	-	-	-	1,298,154	-
NET CHANGE IN FUND BALANCE	14,352,991	(16,599,962)	(32,643)	(1,273,429)	1,247,123	(2,305,920)
Fund Balance - Beginning, as Restated	29,719,739	24,271,594	17,755,945	13,079,297	9,673,441	94,500,016
Fund Balance - Ending	\$ 44,072,730	\$ 7,671,632	\$ 17,723,302	\$ 11,805,868	\$ 10,920,564	\$ 92,194,096

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ (2,305,920)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 21,381,684	
Depreciation expense:	<u>(6,119,797)</u>	15,261,887

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

7,849,290

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(157,805)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

67,431

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(1,032,251)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(29,719)

(continued on the following page)

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2021**

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (8,663,643)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 561,542

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 153,609

Change in Net Position of Governmental Activities \$ 11,457,143

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Governmental Activities
	Self-Insurance Fund
ASSETS	
Current assets	
Cash and investments	\$ 962,795
Accounts receivable	1,408
Total current assets	<u>964,203</u>
Total Assets	<u>964,203</u>
 NET POSITION	
Restricted	964,203
Total Net Position	<u>\$ 964,203</u>

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities
	Self-Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 928,615
Other local revenues	130,046
Total operating revenues	<u>1,058,661</u>
OPERATING EXPENSES	
Professional services	903,830
Total operating expenses	<u>903,830</u>
Operating income	<u>154,831</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	(1,222)
Total non-operating revenues/(expenses)	<u>(1,222)</u>
CHANGE IN NET POSITION	153,609
Net Position - Beginning	810,594
Net Position - Ending	<u>\$ 964,203</u>

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities Self-Insurance Fund
Cash flows from operating activities	
Cash received from user charges	\$ 1,059,822
Cash payments for payroll, insurance, and operating costs	(903,830)
Net cash provided by operating activities	<u>155,992</u>
Cash flows from investing activities	
Interest received	(1,222)
Net cash used for investing activities	<u>(1,222)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>154,770</u>
 CASH AND CASH EQUIVALENTS	
Beginning of year	808,025
End of year	<u>\$ 962,795</u>
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income	\$ 154,831
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivables	1,161
Net cash provided by operating activities	<u>\$ 155,992</u>

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for 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 of 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.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary fund. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net 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. The net position should be reported as restricted when constraints placed on its use 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of 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 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. 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. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20 - 50
Site Improvements	20
Equipment	5 - 15

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Accrued Liabilities and Long-Term Obligations

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until a future period.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until a future period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has implemented this Statement as of June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 80,561,902	\$ 782,365	\$ 81,344,267
Fair market value adjustment	24,974	243	25,217
Cash on hand and in banks	1,508,515	180,187	1,688,702
Cash with fiscal agent	5,888	-	5,888
Cash in revolving fund	16,020	-	16,020
Total	\$ 82,117,299	\$ 962,795	\$ 83,080,094

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Santa Barbara County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is 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.

Cash with Fiscal Agent – The District has deposited amounts with escrow agents for the purpose of making payments to service providers under authorized agreements in the General Fund.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$81,369,484, which is equal to the adjusted book value. The average weighted maturity for this pool is 735 days.

E. 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 investments in the County Treasury are not required to be rated. As of June 30, 2021, the pooled investments in the County Treasury were rated at least A.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was exposed to custodial credit risk amounting to \$902,869 because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Barbara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2021 were as follows:

	Uncategorized
Investment in county treasury	<u>\$ 81,369,484</u>
Total	<u>\$ 81,369,484</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government							
Categorical aid	\$ 2,704,796	\$ -	\$ -	\$ -	\$ 830,895	\$ -	\$ 3,535,691
State Government							
Apportionment	17,723,800	-	-	-	-	-	17,723,800
Categorical aid	1,908,266	-	-	-	69,336	-	1,977,602
Lottery	566,341	-	-	-	-	-	566,341
Local Government							
Other local sources	36,809	15,037	16,756	9,976	7,191	1,408	87,177
Total	\$ 22,940,012	\$ 15,037	\$ 16,756	\$ 9,976	\$ 907,422	\$ 1,408	\$ 23,890,611

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,293,183	\$ -	\$ -	\$ 12,293,183
Construction in progress	30,243,308	14,168,368	19,952,841	24,458,835
Total Capital Assets not Being Depreciated	42,536,491	14,168,368	19,952,841	36,752,018
Capital assets being depreciated				
Land improvements	23,482,880	738,513	-	24,221,393
Buildings & improvements	166,103,329	22,408,327	-	188,511,656
Furniture & equipment	24,512,855	4,019,317	216,227	28,315,945
Total Capital Assets Being Depreciated	214,099,064	27,166,157	216,227	241,048,994
Less Accumulated Depreciation				
Land improvements	10,111,605	1,153,706	-	11,265,311
Buildings & improvements	40,124,384	3,580,377	-	43,704,761
Furniture & equipment	17,560,641	1,385,714	216,227	18,730,128
Total Accumulated Depreciation	67,796,630	6,119,797	216,227	73,700,200
Governmental Activities				
Capital Assets, net	\$ 188,838,925	\$ 35,214,728	\$ 19,952,841	\$ 204,100,812

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

	Due To Other Funds	Due From Other Funds		
		General Fund	Non-Major Governmental Funds	Total
General Fund		\$ -	\$ 1,350,886	\$ 1,350,886
Non-Major Governmental Funds		12,642	-	12,642
Total		\$ 12,642	\$ 1,350,886	\$ 1,363,528

Due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for SIPE workers' compensation and RDA property tax balances.	\$ 1,350,886
Due from the Cafeteria Fund to the General Fund for indirect costs.	12,642
Total	\$ 1,363,528

B. Operating Transfers

During the year ended June 30, 2021, the General Fund transferred \$1,298,154 to the Special Reserve Fund for Capital Outlay Projects to move the SIPE workers' compensation balance.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 681,424	\$ -	\$ 25,588	\$ -	\$ 707,012
Construction	-	5,615,655	394,490	-	6,010,145
Vendors payable	4,523,435	-	190,872	-	4,714,307
Unmatured interest	-	-	-	965,948	965,948
Total	\$ 5,204,859	\$ 5,615,655	\$ 610,950	\$ 965,948	\$ 12,397,412

NOTE 7 – UNEARNED REVENUE

Unearned revenue in the General Fund at June 30, 2021 amounted to \$2,600,802, which consists of \$693,189 in federal sources and \$1,907,613 in state sources.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 105,444,253	\$ -	\$ 4,835,000	\$ 100,609,253	\$ 2,395,000
Unamortized premium	6,500,188	-	561,542	5,938,646	561,542
Accreted interest	8,830,780	1,032,251	-	9,863,031	-
Subtotal general obligation bonds	120,775,221	1,032,251	5,396,542	116,410,930	2,956,542
Direct placement general obligation bonds	2,570,000	-	2,570,000	-	-
Subtotal direct placement general obligation bonds	2,570,000	-	2,570,000	-	-
Total general obligation bonds	123,345,221	1,032,251	7,966,542	116,410,930	2,956,542
Direct placement certificates of participation	1,889,084	-	444,290	1,444,794	479,009
Total certificates of participation	1,889,084	-	444,290	1,444,794	479,009
Compensated absences	750,211	29,719	-	779,930	-
Net OPEB liability	16,709,350	745,326	-	17,454,676	-
Net pension liability	101,950,090	10,406,293	-	112,356,383	-
Total	\$ 244,643,956	\$ 12,213,589	\$ 8,410,832	\$ 248,446,713	\$ 3,435,551

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for certificates of participation are made in the General Fund and Capital Facilities Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of amounted to \$779,930. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Certificates of Participation (COP)

The annual requirements to amortize the 2012 COP agreement outstanding as of June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 479,009	\$ 43,095	\$ 522,104
2023	509,825	27,279	537,104
2024	455,960	11,144	467,104
Total	<u>\$ 1,444,794</u>	<u>\$ 81,518</u>	<u>\$ 1,526,312</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. General Obligation Bonds

The outstanding general obligation bonded debt of the District as of June 30, 2021 is as follows:

Series	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
General obligation bonds:							
Election 2000, Series B	2025	2.00% - 4.38%	\$ 12,000,000	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
Election 2004, Series 2005	2031	2.00% - 5.01%	34,998,222	3,678,221	-	-	3,678,221
Election 2004, Series 2013	2038	2.00% - 5.35%	14,999,873	12,739,873	-	-	12,739,873
2013 Refunding	2027	4.00% - 5.00%	26,820,000	18,760,000	-	1,780,000	16,980,000
Election 2004, Series 2014	2038	3.00% - 5.00%	28,996,159	28,281,159	-	350,000	27,931,159
Election 2016, Series 2017	2043	2.00% - 5.00%	47,000,000	39,785,000	-	2,705,000	37,080,000
Subtotal general obligation bonds				105,444,253	-	4,835,000	100,609,253
Direct placement general obligation bonds:							
2015 Refunding	2021	1.46%	860,000	195,000	-	195,000	-
2016 Refunding	2021	1.79%	10,065,000	2,375,000	-	2,375,000	-
Subtotal direct placement general obligation bonds				2,570,000	-	2,570,000	-
Total				\$ 108,014,253	\$ -	\$ 7,405,000	\$ 100,609,253

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 2,395,000	\$ 3,757,156	\$ 6,152,156
2023	3,335,000	3,671,481	7,006,481
2024	3,710,000	3,524,131	7,234,131
2025	4,145,000	3,334,194	7,479,194
2026	3,710,000	3,122,256	6,832,256
2027 - 2031	14,973,428	27,304,921	42,278,349
2032 - 2036	35,742,570	11,045,805	46,788,375
2037 - 2041	25,248,255	3,299,273	28,547,528
2042 - 2043	7,350,000	299,200	7,649,200
Total	\$ 100,609,253	\$ 59,358,417	\$ 159,967,670

D. Other Postemployment Benefits

The District's beginning net OPEB liability was \$16,709,350 and increased by \$745,326 during the year ended June 30, 2021. The ending net OPEB liability at June 30, 2021 was \$17,454,676. See Note 10 for additional information regarding the net OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$101,950,090 and increased by \$10,406,293 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$112,356,383. See Note 11 for additional information regarding the net pension liability.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 15,000	\$ -	\$ -	\$ -	\$ 1,020	\$ 16,020
Stores inventory	182,323	-	-	-	26,342	208,665
Prepaid expenditures	11,195	-	-	-	-	11,195
Total non-spendable	208,518	-	-	-	27,362	235,880
Restricted						
Educational programs	6,312,006	-	-	-	-	6,312,006
Food service	-	-	-	-	2,406,867	2,406,867
Associated student body	-	-	-	-	1,287,262	1,287,262
Capital projects	-	7,671,632	17,723,302	-	7,199,073	32,594,007
Debt service	-	-	-	11,805,868	-	11,805,868
Total restricted	6,312,006	7,671,632	17,723,302	11,805,868	10,893,202	54,406,010
Assigned						
Career technical education	2,705,857	-	-	-	-	2,705,857
Certificated medical savings	1,233,185	-	-	-	-	1,233,185
Unexpended one-time funds	988,821	-	-	-	-	988,821
Capital outlay	981,144	-	-	-	-	981,144
Site/department allocations	969,340	-	-	-	-	969,340
MAA reimbursements	337,995	-	-	-	-	337,995
Advanced placement tests	170,804	-	-	-	-	170,804
Miscellaneous local grants	110,271	-	-	-	-	110,271
Special reserve	3,500,049	-	-	-	-	3,500,049
Deferred maintenance	147,070	-	-	-	-	147,070
Total assigned	11,144,536	-	-	-	-	11,144,536
Unassigned	26,407,670	-	-	-	-	26,407,670
Total Fund Balance	\$ 44,072,730	\$ 7,671,632	\$ 17,723,302	\$ 11,805,868	\$ 10,920,564	\$ 92,194,096

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3% of General Fund expenditures and other financing uses.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District administers a single-employer defined benefit other postemployment plan (OPEB) that provides medical, dental, and vision insurance benefits to eligible retirees. The details of the plan are outlined below.

Three-tiered rates (Single, Two-Party, and Family) are used for all benefits. The rates for early retirees are the same as those for active employees under the Certificated plan, meaning that the early retirees are being subsidized by premiums charged to the District for its active employees. The SISC retiree-only rates are designed to be non-subsidized, but the spouse portion of the second-tier rate is 28% subsidized.

District-paid benefits include medical/prescription drug (offered as a package) for all eligible retirees, and dental and vision insurance for Certificated retirees. For groups other than Certificated, the District's contribution towards medical/Rx benefits is limited to the amount of the premium (by tier) for SISC base plan. The District caps for Certificated retirees also vary by tier based on the High Desert Trust rate structure and are applied before adding on dental and vision premiums for retirees and any covered dependents.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

C. Benefits Provided

Upon attainment of a minimum age (55 for Certificated and Certificated Management, 50 for Classified, Classified Management, and Confidential) and completion of a minimum District service requirement (5 years for Management, 10 years for all other groups), an employee may retire and remain covered at the District's expense for a period depending on employment classification, and subject to making monthly retiree contributions.

District-paid coverage ends at age 65 for all eligible Certificated, Certificated Management, and Classified Management retirees. Classified and Confidential retirees' benefits continue until the earlier of 10 years of benefits or age 65. For Classified and Confidential employees hired prior to January 1, 2008, the 10-year benefit period is increased by one year for each year of active service in excess of 10 years, to a maximum of 15 years of benefits (or age 65, if earlier.) Board members do not earn retiree healthcare benefits by reason of their Board service but may retain rights to benefits earned while covered under one of the active employee classifications.

D. Contributions

The District has accumulated assets in the Futuris Public Entity Investment Trust that meets the criteria in paragraph 4 of GASB Statement 75. The District's contribution is currently based on a projected pay-as-you-go funding method, that is, benefits are payable when due. During the year ended June 30, 2021, the District contributed \$1,297,413 to the trust. Of these contributions, \$714,236 was used for current benefit payments.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	58
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>776</u>
Total number of participants**	<u>834</u>

*Information not provided

**As of the June 30, 2020 valuation date

F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability	\$ 21,877,799
Plan fiduciary net position	<u>(4,423,123)</u>
District's net OPEB liability	<u>\$ 17,454,676</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 20.22%

G. Investments

Investment Policy

The Retirement Board of Authority is responsible for the selection and ongoing evaluation of investments and/or investment managers and has delegated investment responsibilities to the Benefit Trust Company (BTC). The Retirement Board of Authority retains the responsibility to oversee the management of the Trust, including BTC's or any successor trustee's, requirement that investments and assets held within the trust continually adhere to the requirement of California Government Code.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Investments (continued)

Concentrations

The Plan held the following investments which represent 5 percent or more of the Plan’s fiduciary net position:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of fiduciary net position</u>
Mutual Fund - Fixed Income		
Prudential Funds Total Return Bond CL Q	\$ 434,978	9.83%
Blackrock Total Return - K	432,465	9.78%
Western Asset Core Plus Bond IS	432,341	9.77%
Guggenheim Investments Investment Grade Bond Fund	434,463	9.82%
Mutual Fund - Domestic Equity		
Alger Funds Focus Equity Fund CL Y	330,724	7.48%
Columbia Contrarian Core	254,769	5.76%
All others	2,103,383	47.55%
Total fiduciary net position	\$ 4,423,123	

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 22.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Economic assumptions:

Salary increases	2.75%
Inflation rate	2.50%
Investment return/discount rate	5.60%
Healthcare cost trend rates	4.00%

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions:

Mortality:

Certificated participant mortality rates were based on the 2020 CalSTRS Mortality tables while the mortality rates for classified participants were based on the CalPERS 2017 Mortality for Miscellaneous and Schools Employees tables.

Retirement Rates:

For certificated and certificated management participants, the 2020 CalSTRS retirement rate tables were used. For classified and classified management participants, the 2017 CalPERS retirement rate tables for schools employees were used.

The actuarial assumptions used in the June 30, 2020 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2020.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty-two years.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55%	4.25%
All Domestic Equities	22%	7.25%
All International Equities	19%	7.25%
Real Estate Investment Trusts	4%	7.25%

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Changes in Net OPEB Liability

	<u>June 30, 2021</u>
Total OPEB Liability	
Service cost	\$ 1,130,504
Interest on total OPEB liability	1,172,706
Changes of assumptions	450,700
Benefits payments	<u>(714,236)</u>
Net change in total OPEB liability	2,039,674
Total OPEB liability - beginning	<u>19,838,125</u>
Total OPEB liability - ending (a)	<u>\$ 21,877,799</u>
Plan fiduciary net position	
Contributions - employer	\$ 1,297,413
Net investment income	750,490
Benefit payments	(714,236)
Administrative expenses	<u>(39,319)</u>
Net change in plan fiduciary net position	1,294,348
Plan fiduciary net position - beginning	<u>3,128,775</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,423,123</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 17,454,676</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.22%
Covered-employee payroll	\$ 57,960,081
District's net OPEB liability as a percentage of covered-employee payroll	30.11%

J. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Santa Maria Joint Union High School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.60%)	(5.60%)	(7.60%)
Net OPEB liability	\$ 19,210,000	\$ 17,454,676	\$ 15,783,316

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Santa Maria Joint Union High School District, as well as what the District’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ 14,865,932	\$ 17,454,676	\$ 20,585,303

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

For the fiscal year ended June 30, 2021, the District recognized net OPEB expense of \$1,544,691. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 512,756
Differences between expected and actual experience	-	1,300,661
Changes in assumptions	1,258,955	3,163,738
Total	\$ 1,258,955	\$ 4,977,155

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 200,190	\$ 799,087
2023	200,190	796,568
2024	200,190	792,372
2025	200,190	772,169
2026	183,097	425,905
Thereafter	275,098	1,391,054
Total	\$ 1,258,955	\$ 4,977,155

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 73,326,881	\$ 21,339,686	\$ 4,303,346	\$ 12,438,367
PERS Pension	39,029,502	7,049,966	-	7,254,596
Total	\$ 112,356,383	\$ 28,389,652	\$ 4,303,346	\$ 19,692,963

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$7,160,908 for the year ended June 30, 2021.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$4,277,826.

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

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

District's proportionate share of the net pension liability	\$ 73,326,881
State's proportionate share of the net pension liability associated with the District	<u>37,799,709</u>
Total	<u>\$ 111,126,590</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to 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. At June 30, 2020, the District’s proportion was 0.076 percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2019.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2021, the District recognized pension expense of \$12,438,367. In addition, the District recognized pension expense and revenue of \$1,181,863 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 1,741,825	\$ -
Differences between expected and actual experience	129,389	2,067,944
Changes in assumptions	7,150,409	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,157,155	2,235,402
District contributions subsequent to the measurement date	7,160,908	-
Total	<u>\$ 21,339,686</u>	<u>\$ 4,303,346</u>

The \$7,160,908 reported as 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 2,279,401	\$ 1,706,381
2023	3,936,480	1,561,101
2024	4,529,697	314,013
2025	2,000,302	316,283
2026	908,792	303,419
2027	524,106	102,149
Total	<u>\$ 14,178,778</u>	<u>\$ 4,303,346</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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 current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Discount Rate

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 110,786,703	\$ 73,326,881	\$ 42,398,523

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$3,868,412 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$39,029,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to 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. At June 30, 2020, the District's proportion was 0.127 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2019.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (continued)

For the year ended June 30, 2021, the District recognized pension expense of \$7,254,596. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 812,470
Differences between expected and actual experience	1,935,744
Changes in assumptions	143,123
Changes in proportion and differences between District contributions and proportionate share of contributions	290,217
District contributions subsequent to the measurement date	<u>3,868,412</u>
Total	<u>\$ 7,049,966</u>

The \$3,868,412 reported as 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2022	\$ 1,129,705
2023	931,428
2024	732,449
2025	<u>387,972</u>
Total	<u>\$ 3,181,554</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.

**An expected inflation of 2.92% used for this period.

Discount Rate

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 56,112,027	\$ 39,029,502	\$ 24,851,864

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

C. Construction Commitments

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of \$52,838,854.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in a joint venture under a joint powers agreement (JPA) with the Self Insurance Program for Employees (SIPE). SIPE was established to provide services necessary and appropriate for the development, operation and maintenance of a self-insurance system for workers' compensation claims against the public educational agencies who are members. The participants consist of the Santa Barbara County Office of Education and various school districts. Each participant may appoint one representative to the governing board. The governing board is responsible for establishing premium rates and making budget and operational decisions for SIPE independent of any influence by the District beyond their board member representation. Each participant shares surpluses and deficits proportionate to their participation in SIPE. In the event SIPE is terminated, the District would be liable for its proportionate share of all unpaid claims. The relationship between the District and SIPE is such that SIPE is not a component unit of the District for financial reporting purposes.

The District participates in a joint venture under a joint powers agreement (JPA) with the Self-Insured Schools of California Property and Liability Program (SISC II). The SISC II arranges for and provides property and liability insurance for its member school districts and other educational agencies. The District pays a premium commensurate with the level of coverage required. The JPA is independently accountable for its fiscal matters. SISC II maintains its own accounting records and its budgets are not subject to any approval than that of the governing board. Member districts share surpluses and deficits proportionate to their participation in the SISC II. The relationship between the District and SISC II is such that the SISC II is not a component unit of the District for financial reporting purposes.

The District participates in a joint venture under the joint powers agreement (JPA) with the Santa Barbara County Schools Financing Authority. The Authority's purpose is providing financing assistance for construction and acquisition of major capital facilities to its four members: The District, Goleta Union School District, Hope Elementary School District, Santa Barbara Unified School District. The Authority is governed by a board comprised of the chief business officer of each member. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2021, the deferred amount on refunding was \$828,474.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found in Note 11. At June 30, 2021, total deferred outflows related to pensions was \$28,389,652 and total deferred inflows related to pensions was \$4,303,346.

C. Other Postemployment Benefits (OPEB)

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$1,258,955 and total deferred inflows related to other postemployment benefits was \$4,977,155.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The beginning net position for Governmental Activities and the beginning fund balances of the General Fund and the Student Activity Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts, it has been determined that the District’s ASB and scholarship funds are not fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement.

The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 56,037,240
Restatement	1,548,647
Net Position - Beginning, as Restated	<u>\$ 57,585,887</u>

The effect on beginning fund balance is presented as follows:

	General Fund	Student Activity Fund
Fund Balance - Beginning, as Previously Reported	\$ 29,510,748	\$ -
Restatement	208,991	1,339,656
Fund Balance - Beginning, as Restated	<u>\$ 29,719,739</u>	<u>\$ 1,339,656</u>

NOTE 16 – SUBSEQUENT EVENTS

2016 Election, Series 2021 General Obligation Bonds

In December 2021, the District issued \$67,000,000 of 2016 Election, Series 2021 general obligation bonds to finance construction, facilities improvements, and modernization projects. The bonds bear interest rates ranging from 1.25% to 4.00% and mature through August 2046.

Series 2021 General Obligation Refunding Bonds

In December 2021, the District issued \$58,135,620 of Series 2021 General Obligation Refunding Bonds to refinance outstanding general obligation bonds. The bonds bear interest rates ranging from 0.555% to 2.958% and mature through August 2037.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 95,797,493	\$ 103,050,597	\$ 103,689,224	\$ 638,627
Federal sources	4,304,346	15,202,335	13,026,519	(2,175,816)
Other state sources	6,728,574	15,673,702	14,279,764	(1,393,938)
Other local sources	3,730,814	5,320,947	5,779,713	458,766
Total Revenues	110,561,227	139,247,581	136,775,220	(2,472,361)
EXPENDITURES				
Certificated salaries	45,665,290	46,709,675	46,630,868	78,807
Classified salaries	18,080,775	17,954,345	17,893,965	60,380
Employee benefits	26,359,014	26,712,809	26,321,460	391,349
Books and supplies	6,711,532	21,139,297	12,591,130	8,548,167
Services and other operating expenditures	10,453,062	13,619,061	10,522,379	3,096,682
Capital outlay	1,183,259	6,029,420	3,368,819	2,660,601
Other outgo				
Excluding transfers of indirect costs	3,260,919	5,286,660	3,503,558	1,783,102
Transfers of indirect costs	(181,132)	(181,132)	(71,215)	(109,917)
Total Expenditures	111,532,719	137,270,135	120,760,964	16,509,171
Excess (Deficiency) of Revenues Over Expenditures	(971,492)	1,977,446	16,014,256	14,036,810
Other Financing Sources (Uses)				
Transfers in	-	402,804	402,804	-
Transfers out	(375,000)	-	(1,673,154)	(1,673,154)
Net Financing Sources (Uses)	(375,000)	402,804	(1,270,350)	(1,673,154)
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning, as Restated	25,681,705	25,681,705	25,681,705	-
Fund Balance - Ending	\$ 24,335,213	\$ 28,061,955	\$ 40,425,611	\$ 12,363,656

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- In the Statement of Revenues, Expenditures, and Changes in Fund Balances, revenues for the Medi-Cal Billing Option and Medi-Cal Administrative Activities programs have been reclassified from federal revenues to local revenues.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability				
Service cost	\$ 1,130,504	\$ 1,087,699	\$ 1,056,018	\$ 1,078,418
Interest on total OPEB liability	1,172,706	982,066	1,067,283	806,275
Difference between expected and actual experience	-	(199,125)	(1,817,643)	-
Changes of assumptions	450,700	(2,351,157)	1,350,292	(2,182,624)
Benefits payments	<u>(714,236)</u>	<u>(536,816)</u>	<u>(405,860)</u>	<u>(502,206)</u>
Net change in total OPEB liability	2,039,674	(1,017,333)	1,250,090	(800,137)
Total OPEB liability - beginning	<u>19,838,125</u>	<u>20,855,458</u>	<u>19,605,368</u>	<u>20,405,505</u>
Total OPEB liability - ending (a)	<u>\$ 21,877,799</u>	<u>\$ 19,838,125</u>	<u>\$ 20,855,458</u>	<u>\$ 19,605,368</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,297,413	\$ 1,078,091	\$ 951,129	\$ 1,028,751
Net investment income	750,490	245,497	153,889	80,600
Benefit payments	(714,236)	(536,816)	(405,860)	(502,206)
Administrative expenses	<u>(39,319)</u>	<u>(28,648)</u>	<u>(23,220)</u>	<u>(18,112)</u>
Net change in plan fiduciary net position	1,294,348	758,124	675,938	589,033
Plan fiduciary net position - beginning	<u>3,128,775</u>	<u>2,370,651</u>	<u>1,694,713</u>	<u>1,105,680</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,423,123</u>	<u>\$ 3,128,775</u>	<u>\$ 2,370,651</u>	<u>\$ 1,694,713</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 17,454,676</u>	<u>\$ 16,709,350</u>	<u>\$ 18,484,807</u>	<u>\$ 17,910,655</u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.22%	15.77%	11.37%	8.64%
Covered-employee payroll	\$ 57,960,081	\$ 56,408,838	\$ 57,191,063	\$ 54,629,260
District's net OPEB liability as a percentage of covered-employee payroll	30.11%	29.62%	32.32%	32.79%

See accompanying note to required supplementary information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INVESTMENT RETURNS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	22.07%	9.88%	7.77%	5.51%

See accompanying note to required supplementary information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.076%	0.072%	0.069%	0.069%	0.067%	0.078%	0.063%
District's proportionate share of the net pension liability	\$ 73,326,881	\$ 65,254,013	\$ 63,548,595	\$ 63,567,718	\$ 54,378,051	\$ 52,565,572	\$ 36,716,060
State's proportionate share of the net pension liability associated with the District	<u>37,799,709</u>	<u>35,600,708</u>	<u>36,384,721</u>	<u>37,606,431</u>	<u>30,961,012</u>	<u>27,801,318</u>	<u>22,170,742</u>
Total	<u>\$ 111,126,590</u>	<u>\$ 100,854,721</u>	<u>\$ 99,933,316</u>	<u>\$ 101,174,149</u>	<u>\$ 85,339,063</u>	<u>\$ 80,366,890</u>	<u>\$ 58,886,802</u>
District's covered payroll	\$ 41,688,729	\$ 39,691,894	\$ 37,683,716	\$ 36,539,110	\$ 35,730,669	\$ 33,410,822	\$ 27,984,727
District's proportionate share of the net pension liability as a percentage of its covered payroll	175.9%	164.4%	168.6%	174.0%	152.2%	157.3%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.127%	0.126%	0.128%	0.128%	0.124%	0.122%	0.125%
District's proportionate share of the net pension liability	\$ 39,029,502	\$ 36,696,077	\$ 34,251,542	\$ 30,443,611	\$ 24,564,894	\$ 17,991,886	\$ 14,228,748
District's covered payroll	\$ 18,323,682	\$ 17,442,935	\$ 16,945,544	\$ 16,335,975	\$ 14,903,270	\$ 13,260,708	\$ 13,157,210
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.0%	210.4%	202.1%	186.4%	164.8%	135.7%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 7,160,908	\$ 7,127,959	\$ 6,461,580	\$ 5,418,828	\$ 4,597,264	\$ 3,779,720	\$ 2,966,081
Contributions in relation to the contractually required contribution*	(7,160,908)	(7,127,959)	(6,461,580)	(5,418,828)	(4,597,264)	(3,779,720)	(2,966,081)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 44,518,459	\$ 41,688,729	\$ 39,691,894	\$ 37,683,716	\$ 36,539,110	\$ 35,730,669	\$ 33,410,822
Contributions as a percentage of covered payroll	16.09%	17.10%	16.28%	14.38%	12.58%	10.58%	8.88%

*Amounts do not include on-behalf contributions

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,868,412	\$ 3,614,119	\$ 3,150,790	\$ 2,632,366	\$ 2,267,700	\$ 1,766,873	\$ 1,592,152
Contributions in relation to the contractually required contribution*	(3,868,412)	(3,614,119)	(3,150,790)	(2,632,366)	(2,267,700)	(1,766,873)	(1,592,152)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,685,566	\$ 18,323,682	\$ 17,442,935	\$ 16,945,544	\$ 16,335,975	\$ 14,903,270	\$ 13,260,708
Contributions as a percentage of covered payroll	20.70%	19.72%	18.06%	15.53%	13.88%	11.86%	12.01%

*Amounts do not include on-behalf contributions

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Schedule of the District Contributions for OPEB

This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions

The discount rate used in the most recent valuation for OPEB was 5.60%, while the previous valuation used a discount rate of 5.85%. In addition, the assumed inflation rate decreased from 2.75% to 2.50%.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,133,100
Title I, Migrant Education	84.011	14326	326,481
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	271,260
Title III			
Title III, English Learner Student Program	84.365	14346	143,421
Title III, Immigrant Education Program	84.365	15146	3,157
Subtotal Title III			<u>146,578</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	58,064
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,442,891
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	225,030
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	186,040
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,147,238
Subtotal Education Stabilization Fund Discretionary Grants			<u>1,333,278</u>
Total U. S. Department of Education			<u>4,936,682</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,379,763
National School Lunch Program	10.555	13391	2,196,569
USDA Commodities [2]	10.555	*	226,730
Subtotal Child Nutrition Cluster			<u>3,803,062</u>
Forest Reserve Funds	10.665	10044	421
Total U. S. Department of Agriculture			<u>3,803,483</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding: [1]			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	7,994,648
Total U. S. Department of the Treasury			<u>7,994,648</u>
Total Federal Expenditures			<u>\$ 16,734,813</u>

[1] - Major Program

[2] - In-Kind Contribution

* - Pass-Through Entity Identifying Number not available or not applicable

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	2020-21 Number of Days	Status
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 143,916,046	\$ 137,178,024	\$ 119,583,210	\$ 115,205,999
Expenditures And Other Financing Uses	140,968,960	122,434,118	110,586,970	108,858,726
Net change in Fund Balance	<u>\$ 2,947,086</u>	<u>\$ 14,743,906</u>	<u>\$ 8,996,240</u>	<u>\$ 6,347,273</u>
Ending Fund Balance	<u>\$ 43,372,697</u>	<u>\$ 40,425,611</u>	<u>\$ 25,472,714</u>	<u>\$ 16,476,474</u>
Available Reserves*	<u>\$ 31,120,739</u>	<u>\$ 26,407,670</u>	<u>\$ 16,271,786</u>	<u>\$ 8,881,818</u>
Available Reserves As A Percentage Of Outgo	<u>22.08%</u>	<u>21.57%</u>	<u>14.71%</u>	<u>8.16%</u>
Long-term Liabilities	<u>\$ 245,011,162</u>	<u>\$ 248,446,713</u>	<u>\$ 244,643,956</u>	<u>\$ 250,704,209</u>
Average Daily Attendance At P-2***	<u>8,695</u>	<u>8,386</u>	<u>8,193</u>	<u>7,716</u>

The General Fund ending fund balance has increased by \$23,949,137 over the past two years. The fiscal year 2021-22 budget projects a further increase of \$2,947,086. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Total long-term obligations have decreased by \$2,257,496 over the past two years.

Average daily attendance has increased by 670 ADA over the past two years. A further increase of 309 ADA is anticipated during the 2021-22 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. The ADA figure presented for 2021 is based on the budgeted amount in the 2020-21 Adopted Budget.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2021, annual financial and budget report fund balance	\$ 40,425,611	\$ 147,070	\$ 3,500,049
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	3,647,119	(147,070)	(3,500,049)
Net adjustments and reclassifications	3,647,119	(147,070)	(3,500,049)
June 30, 2021, audited financial statement fund balance	\$ 44,072,730	\$ -	\$ -

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2021**

The Santa Maria Joint Union High School District (the “District”) is located in Santa Barbara County, California. The District was established in 1891. There were no changes in the boundaries of the District during the current year. During the year ended June 30, 2021, the District maintained three high schools and one continuation high school.

GOVERNING BOARD

Member	Office	Term Expires
Dr. Jack Garvin, Ed. D.	President	December 2024
Mr. Dominick Palera	Clerk	December 2022
Ms. Amy Lopez	Member	December 2024
Ms. Carol Karamitsos	Member	December 2022
Ms. Diana Perez	Member	December 2022

DISTRICT ADMINISTRATORS

Mr. Antonio Garcia
Superintendent

Mr. John Davis
Assistant Superintendent Curriculum/Instruction

Mr. Kevin Platt
Assistant Superintendent of Human Resources

Ms. Yolanda Ortiz
Assistant Superintendent of Business

Ms. Michelle Coffin
Director of Fiscal Services

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 16,768,167
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	<u>(33,354)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 16,734,813</u>

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

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.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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.

Christy White, Inc.

San Diego, California
January 26, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

Report on Compliance for Each Major Federal Program

We have audited Santa Maria Joint Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santa Maria Joint Union High School District's major federal programs for the year ended June 30, 2021. Santa Maria Joint Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
January 26, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

Report on State Compliance

We have audited Santa Maria Joint Union High School District's 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*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Santa Maria Joint Union High School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Santa Maria Joint Union High School District's state 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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Santa Maria Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Santa Maria Joint Union High School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Santa Maria Joint Union High School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2021-001. Our opinion on state compliance is not modified with respect to these matters.

Santa Maria Joint Union High School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Santa Maria Joint Union High 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.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Santa Maria Joint Union High School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
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
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

San Diego, California
January 26, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D	COVID-19 Emergency Acts Funding - Education Stabilization Fund Discretionary Grants
21.019	CRF: Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2021.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 STATE AWARD FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
 40000
 42000
 43000
 60000
 61000
 62000
 70000
 71000
 72000

AB 3627 FINDING TYPE

Attendance
 State Compliance
 Charter School Facilities Programs
 Apprenticeship: Related and Supplemental Instruction
 Miscellaneous
 Classroom Teacher Salaries
 Local Control Accountability Plan
 Instructional Materials
 Teacher Misassignments
 School Accountability Report Card

FINDING #2021-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. In addition, students classified as English learners (EL) must have supporting documentation to indicate that the student is appropriately classified as EL. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: Two (2) out of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as only FRPM and non-EL did not have appropriate supporting documentation on file to justify the FRPM designation. Auditors examined the NSLP Verification Results for all applications selected for 2020-21 to determine a total adjustment of 12 unduplicated pupil counts.

Effect: The District is not in compliance with applicable State requirements.

Cause: Misclassification of students in the student information system from which CALPADS reporting is derived.

(continued on the following page)

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

**FINDING #2021-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)
(continued)**

Questioned Costs: \$8,034, as calculated below.

UPP Audit Adjustment		
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	25,836
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	19,416
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	(12)
5	Revised Adjusted Enrollment	25,836
6	Revised Adjusted Unduplicated Pupil Count	19,404
7	UPP calculated as of P-2	75.15%
8	Revised UPP for audit finding	75.10%
9	Charter Schools Only: Determinative School District Concentration Cap	-
10	Revised UPP adjusted for Concentration Cap	75.10%
11	Supplemental and Concentration Grant TK/K-3 ADA	-
12	Supplemental and Concentration Grant 4-6 ADA	-
13	Supplemental and Concentration Grant 7-8 ADA	-
14	Supplemental and Concentration Grant 9-12 ADA	8,393.17
15	Adjusted Base Grant per TK/K-3 ADA	\$ 8,503
16	Adjusted Base Grant per 4-6 ADA	\$ 7,818
17	Adjusted Base Grant per 7-8 ADA	\$ 8,050
18	Adjusted Base Grant per 9-12 ADA	\$ 9,572
19	Supplemental Grant Funding calculated as of P-2	\$ 12,075,015
20	Revised Supplemental Grant Funding for audit finding	\$ 12,066,981
21	Supplemental Grant Funding audit adjustment	\$ (8,034)
22	Concentration Grant Funding calculated as of P-2	\$ -
23	Revised Concentration Grant Funding for audit finding	\$ -
24	Concentration Grant Funding audit adjustment	\$ -
25	Total Supplemental and Concentration audit adjustment	\$ (8,034)

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District ensure that there are proper controls over FRPM and EL designations in the student information system in order to strengthen the accuracy of CALPADS reporting. This includes performing periodic reviews of system data for errors or irregularities and corrections to be recorded based on NSLP verification results in the CALPADS Fall I amendment window.

Corrective Action Plan: This finding relates to the required sampling of applications for verification of National School Lunch Program (NSLP) free or reduced meals and English Language Acquisition Status (ELAS) due to be completed each year by November 15. The students were misclassified in the District's student information system ("AERIES") and subsequently misreported in California Longitudinal Pupil Achievement Data System (CALPADS) at the Fall 1 amendment window. For the 2021-22 school year we will submit meal claims through the Seamless Summer Feeding Option (SSFO) and will collect alternate household income forms. For the 2022-23 school year we're planning to apply for the Community Eligibility Provision (CEP). Participation in both SSFO and CEP do not require completion of Free and Reduced Meal Applications or the verification process.

In addition, the Multilingual & Migrant Program staff will ensure all students are accurately classified with appropriate English Language (EL) status based on the required testing scores before the annual Census Day (the first Wednesday of October) and students who meet eligibility for reclassification will have their designations updated in order to maintain accurate reporting.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no findings or questioned costs for the year ended June 30, 2020.