

**JEFFERSON UNION HIGH
SCHOOL DISTRICT**
COUNTY OF SAN MATEO
DALY CITY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2021



Chavan & Associates, LLP

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**JEFFERSON UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY**

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**JEFFERSON UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY**

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

The District's 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 District'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 District'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 the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of a Matter

Deficit Net Position

As of June 30, 2021, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension and OPEB liabilities and deferrals as reported in Note 10 and 11. Our opinion is not modified with respect to this matter.

New Accounting Standards

During the year, the District implemented Governmental Accounting Standards Board Statement No. 84, *GASB Statement No. 84, "Fiduciary Activities."* This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. As a result, the District restated its General Fund beginning fund balance by \$774,696 to account for student body activities previously reported as agency funds that do not meet the fiduciary activity definition per GASB 84. Our opinion has not been modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension plan contributions, schedule of proportionate share of net pension liabilities and schedule of total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; and 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of instructional time, and reconciliation of annual financial and budget report to the audited financial statements are the responsibility of management and were 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 combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of instructional time, and reconciliation of annual financial and budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Jefferson Union High School District's internal control over financial reporting and compliance.

C & A LLP

January 24, 2022
Morgan Hill, California

Management's Discussion and Analysis

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

This discussion and analysis of Jefferson Union High School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- Total net position increased by \$7,583,098 (11%) from June 30, 2020 to June 30, 2021, mainly due increased federal and state grants.
- The District recorded deferred outflows of resources of \$28,570,406 and deferred inflows of resources of \$8,929,549 mainly due to requirements related to GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District had \$95,019,989 in government-wide expenses which is 93% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$16,810,932, or 17%, of the total revenues of \$101,828,391.
- General revenue of \$85,017,459 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 83% of total revenues in 2021 versus 88% in 2020.
- The fund balances of all funds decreased by \$1,339,879, which is a 1% decrease from 2020.
- Total governmental fund revenues and expenditures totaled \$101,828,391 and \$151,240,891, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Jefferson Union High School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Jefferson Union High School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, the Building Fund, the Bond Interest and Redemption Fund and the Special Reserve Fund for Capital Outlay Projects.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has no proprietary funds.

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2021 compared to June 30, 2020:

Table 1 - Summary of Net Position				
	Governmental Activities		\$ Change	% Change
	2021	2020		
Assets				
Current and Other Assets	\$ 129,694,997	\$ 132,071,008	\$ (2,376,011)	-2%
Capital Assets	236,531,331	185,505,576	51,025,755	28%
Total Assets	\$ 366,226,328	\$ 317,576,584	\$ 48,649,744	15%
Deferred Outflows	\$ 28,570,406	\$ 28,204,474	\$ 365,932	1%
Liabilities				
Current Liabilities	\$ 10,384,795	\$ 11,710,927	\$ (1,326,132)	-11%
Long-Term Liabilities	434,893,779	389,670,580	45,223,199	12%
Total Liabilities	\$ 445,278,574	\$ 401,381,507	\$ 43,897,067	11%
Deferred Inflows	\$ 8,929,549	\$ 11,394,038	\$ (2,464,489)	-22%
Net Position				
Net Investment in Capital Assets	\$ 241,276	\$ (2,763,563)	\$ 3,004,839	109%
Restricted	13,840,845	7,740,810	6,100,035	79%
Unrestricted	(73,493,510)	(71,971,734)	(1,521,776)	-2%
Total Net Position	\$ (59,411,389)	\$ (66,994,487)	\$ 7,583,098	11%

Capital assets increased by 28% mainly due to additions to capital assets. Net investment in capital assets increased by 109% mainly due to additions to capital assets and repayment of debt related to capital investments.

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

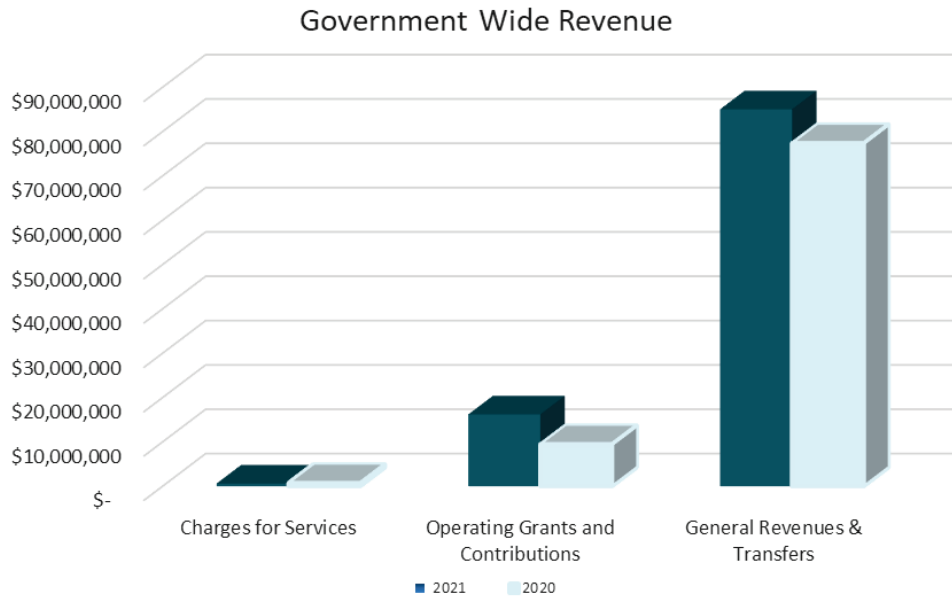
Table 2 compares the components of changes in net position for the fiscal year 2021 versus 2020:

Table 2 - Change in Net Position				
	Governmental Activities		\$ Change	% Change
	2021	2020		
Revenues				
Program Revenues:				
Charges for Services	\$ 607,848	\$ 757,718	\$ (149,870)	-20%
Operating Grants and Contributions	16,203,084	9,526,119	6,676,965	70%
General Revenues	85,017,459	77,434,206	7,583,253	10%
Total Revenues	101,828,391	87,718,043	14,110,348	16%
Program Expenses				
Instruction	39,947,022	37,811,039	2,135,983	6%
Instruction-Related Services	7,864,052	7,162,467	701,585	10%
Pupil Services	9,460,076	10,707,009	(1,246,933)	-12%
General Administration	5,000,000	4,649,938	350,062	8%
Plant Services	8,801,630	8,809,814	(8,184)	0%
Ancillary services	1,572,248	894,253	677,995	76%
Other outgo	2,573,078	3,158,322	(585,244)	-19%
Interest on Long-term Debt	12,682,468	11,036,976	1,645,492	15%
Depreciation	7,119,415	7,049,189	70,226	1%
Total Expenses	95,019,989	91,279,007	3,740,982	4%
Change in Net Position	6,808,402	(3,560,964)	10,369,366	-152%
Beginning Net Position	(66,994,487)	(63,433,523)	(3,560,964)	-6%
Prior Period Adjustments	774,696	-	774,696	100%
Ending Net Position	\$ (59,411,389)	\$ (66,994,487)	\$ 7,583,098	11%

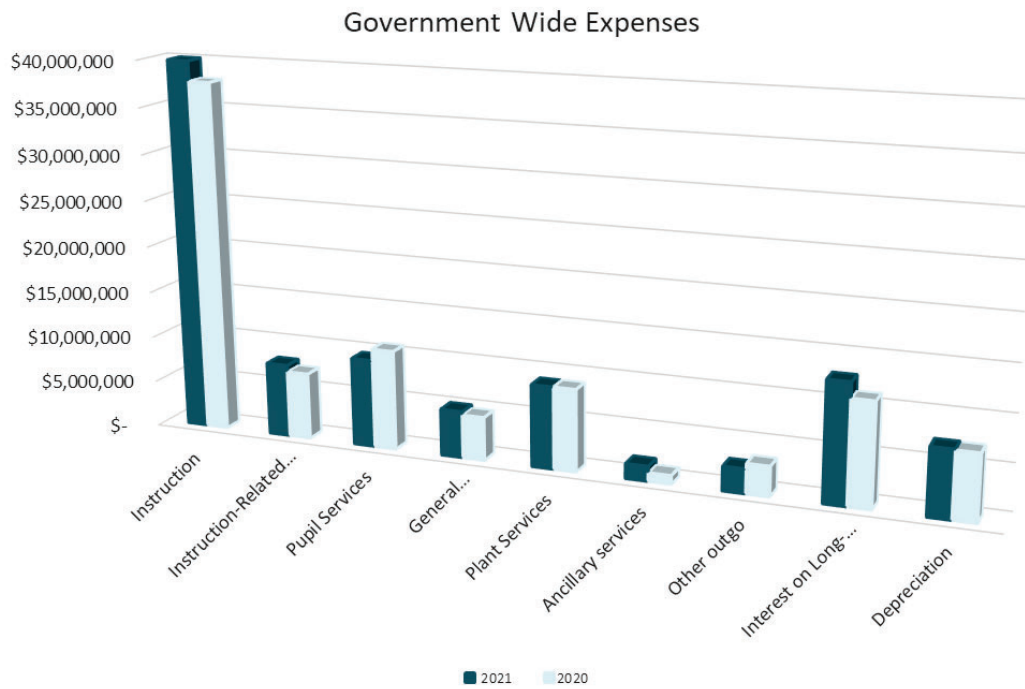
Other outgo expenses decreased by 19% mainly due to a decrease in tuition fees. Operating grants and contributions increased by 70% mainly due to new federal and state grants in restricted programs.

Jefferson Union High School District
Management's Discussion and Analysis
 June 30, 2021

The following chart compares government-wide revenue by category for 2021 and 2020:



The next chart compares government-wide expenses by category for 2021 and 2020:



Jefferson Union High School District
Management's Discussion and Analysis
 June 30, 2021

Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 61% of total expenses in 2021 versus 60% in 2020. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services				
Function	2021	2020	Increase (Decrease)	Percent
Instruction	\$ 27,580,905	\$ 32,204,087	\$ (4,623,182)	-14.4%
Instruction-related services:	6,667,812	6,352,478	315,334	5.0%
Pupil services:	7,813,749	9,440,832	(1,627,083)	-17.2%
General administration:	4,875,550	4,548,749	326,801	7.2%
Plant services	8,722,536	8,387,323	335,213	4.0%
Ancillary services	790,317	892,187	(101,870)	-11.4%
Other outgo	1,956,305	1,083,349	872,956	80.6%
Interest on long-term debt	12,682,468	11,036,976	1,645,492	14.9%
Depreciation - unallocated	7,119,415	7,049,189	70,226	1.0%
Total Net Cost of Services	\$ 78,209,057	\$ 80,995,170	\$ (2,786,113)	-3.4%

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances				
Funds	2021	2020	Increase (Decrease)	Percent
General Fund	\$ 13,921,403	\$ 6,771,630	\$ 7,149,773	105.6%
Building Fund	56,931,411	89,285,627	(32,354,216)	-36.2%
Bond Interest and Redemption Fund	22,378,701	18,353,861	4,024,840	21.9%
Spec. Res. Fund for Capital Projects	19,823,163	3,767,267	16,055,896	426.2%
Nonmajor Governmental Funds	9,428,524	5,644,696	3,783,828	67.0%
Total Fund Balances	\$ 122,483,202	\$ 123,823,081	\$ (1,339,879)	-1.1%

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

Capital Assets

Table 5 shows June 30, 2021 capital asset balances compared to June 30, 2020:

Table 5 - Summary of Capital Assets Net of Depreciation				
Capital Asset	2021	2020	Increase (Decrease)	Percent
	Net Capital Assets	Net Capital Assets		
Land	\$ 1,536,578	\$ 1,536,578	\$ -	0.0%
Work-in-Progress	112,385,376	54,467,090	57,918,286	106.3%
Buildings	120,958,409	127,687,797	(6,729,388)	-5.3%
Improvements of sites	36,519	42,773	(6,254)	-14.6%
Equipment	1,614,449	1,771,338	(156,889)	-8.9%
Totals	\$ 236,531,331	\$ 185,505,576	\$ 51,025,755	27.5%

See Note 5 for additional information related to the changes in capital assets.

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2021.

Table 6 - Long-term Liabilities				
Type of Debt	2021	2020	Increase (Decrease)	Percent
Bonds	\$ 293,995,345	\$ 303,713,908	\$ (9,718,563)	-3%
Certificates of Participation	53,866,754	6,757,077	47,109,677	697%
Net Pension Liabilities	59,710,441	53,396,118	6,314,323	12%
Total OPEB Liability	26,493,776	25,110,332	1,383,444	6%
Compensated Absences	827,463	693,145	134,318	19%
Total	\$ 434,893,779	\$ 389,670,580	\$ 45,223,199	12%

See Notes 6, 10 and 11 to the financial statements for additional information.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revised figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2021. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by \$5,485,977 from adopted to final and budgeted expenditures increased by \$3,026,753 from adopted to final during the year.

Jefferson Union High School District
Management's Discussion and Analysis
June 30, 2021

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The state has reached full funding for Local Control Funding Formula (LCFF) therefore, larger increases of revenue due to the GAP funding no longer exists. This means that unless the State adds significantly to the LCFF base funding, the District is likely to remain a Community Funded (Basic Aid) District.
- Basic Aid status may provide additional funds, however, it brings greater uncertainty. Property tax revenue is very uncertain and subject to dramatic changes. This is due to the cyclic nature of property values as well as to limitations on the county information systems. Thus, while the additional revenue that a basic aid district receives is extremely helpful, the district's financial picture must be watched very carefully for signs of change. The district must do long term financial planning and carry significant reserves so that changes in property tax revenue can be accommodated without major impact on district programs.
- Basic Aid status takes enrollment out of the equation. As opposed to the LCFF funding mechanism which pays an amount per student and therefore automatically funds growth, a basic aid district must pay for any growth from its fixed pool of property tax funds. Therefore, any enrollment growth would adversely affect district finances and the educational programs. JUHSD enrollment has been declining, but is projected to level off in the next few years.
- Other considerations. Many costs continue to increase beyond the control of the district, such as maintenance costs, STRS/PERS, and costs for Special Education. As a Basic Aid District, if the economy slows, percentage increases in these areas have the potential to be greater than property tax growth.
- The impacts of the COVID-19 pandemic continue to create uncertainty.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact the District's Business Office at (650) 550-7954 or 699 Serramonte Blvd., Daly City, CA 94015.

Basic Financial Statements

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	\$ 125,064,255
Accounts receivable	4,549,671
Prepaid	81,071
Total Current Assets	129,694,997
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	113,921,954
Capital assets, net of depreciation	122,609,377
Total Noncurrent Assets	236,531,331
Total Assets	\$ 366,226,328
 Deferred Outflows of Resources	
Pension adjustments	\$ 14,640,388
OPEB adjustments	4,230,714
Deferred loss on early retirement of long-term debt	9,699,304
Total Deferred Outflows of Resources	\$ 28,570,406
 Liabilities	
Current Liabilities:	
Accounts payable	\$ 5,489,504
Unearned revenue	1,722,291
Accrued interest	3,173,000
Total Current Liabilities	10,384,795
Long-term Liabilities:	
Due within one year	15,160,348
Due beyond one year	419,733,431
Total long-term Liabilities	434,893,779
Total Liabilities	\$ 445,278,574
 Deferred Inflows of Resources	
Pension adjustments	\$ 4,041,726
OPEB adjustments	4,887,823
Total Deferred Inflows of Resources	\$ 8,929,549
 Net Position	
Net investment in capital assets	\$ 241,276
Restricted for:	
Capital projects	1,147,206
Cafeteria programs	88,518
Debt service	7,557,250
Adult education	745,069
Educational programs	4,302,802
Total restricted net position	13,840,845
Unrestricted	(73,493,510)
Total Net Position	\$ (59,411,389)

The notes to financial statements are an integral part of this statement.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 39,947,022	\$ 435,490	\$ 11,930,627	\$ (27,580,905)
Instruction-related services:				
Supervision of instruction	766,894	763	148,571	(617,560)
Instruction library, media and technology	855,745	3,156	45,823	(806,766)
School site administration	6,241,413	1,949	995,978	(5,243,486)
Pupil services:				
Home-to-school transportation	1,173,072	-	8,021	(1,165,051)
Food services	1,005,462	(625)	696,947	(309,140)
All other pupil services	7,281,542	14,061	927,923	(6,339,558)
General administration:				
Data processing	1,325,614	-	371	(1,325,243)
All other general administration	3,674,386	2,022	122,057	(3,550,307)
Plant services	8,801,630	593	78,501	(8,722,536)
Ancillary services	1,572,248	297	781,634	(790,317)
Transfers to other agencies	2,573,078	150,142	466,631	(1,956,305)
Interest on long-term debt	12,682,468	-	-	(12,682,468)
Depreciation - unallocated	7,119,415	-	-	(7,119,415)
Total governmental activities	<u>\$ 95,019,989</u>	<u>\$ 607,848</u>	<u>\$ 16,203,084</u>	<u>(78,209,057)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				53,131,110
Taxes levied for debt service				24,344,313
Taxes levied for other specific purposes				4,863,818
Interest and investment earnings				127,706
Miscellaneous				2,550,512
Total general revenues				<u>85,017,459</u>
Change in net position				6,808,402
Net position beginning				(66,994,487)
Prior period adjustment - GASB 84				774,696
Net position ending				<u>\$ (59,411,389)</u>

The notes to financial statements are an integral part of this statement.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Spec. Res. Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 13,230,366	\$ 60,121,539	\$ 22,329,966	\$ 19,823,163	\$ 9,559,221	\$ 125,064,255
Accounts receivable	4,095,303	157,717	48,735	-	247,916	4,549,671
Due from other funds	311,568	-	-	-	50,000	361,568
Prepaid	81,071	-	-	-	-	81,071
Total Assets	\$ 17,718,308	\$ 60,279,256	\$ 22,378,701	\$ 19,823,163	\$ 9,857,137	\$ 130,056,565
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 2,028,002	\$ 3,336,749	\$ -	\$ -	\$ 124,753	\$ 5,489,504
Due to other funds	50,000	11,096	-	-	300,472	361,568
Unearned revenue	1,718,903	-	-	-	3,388	1,722,291
Total Liabilities	3,796,905	3,347,845	-	-	428,613	7,573,363
Fund balances:						
Nonspendable:						
Revolving fund	4,000	-	-	-	475	4,475
Prepaid expenditures	81,071	-	-	-	-	81,071
Restricted for:						
Educational programs	4,302,802	-	-	-	-	4,302,802
Debt service	-	-	22,378,701	-	4,311,128	26,689,829
Adult education	-	-	-	-	745,069	745,069
Cafeteria programs	-	-	-	-	88,518	88,518
Capital projects	-	56,931,411	-	19,823,163	1,147,206	77,901,780
Assigned for:						
Capital projects	-	-	-	-	3,024,668	3,024,668
Cafeteria programs	-	-	-	-	22,205	22,205
Adult education	-	-	-	-	89,255	89,255
Educational programs	2,386,920	-	-	-	-	2,386,920
Unassigned:						
Economic uncertainties	2,000,380	-	-	-	-	2,000,380
Unappropriated	5,146,230	-	-	-	-	5,146,230
Total Fund Balances	13,921,403	56,931,411	22,378,701	19,823,163	9,428,524	122,483,202
Total Liabilities and Fund Balances	\$ 17,718,308	\$ 60,279,256	\$ 22,378,701	\$ 19,823,163	\$ 9,857,137	\$ 130,056,565

The notes to financial statements are an integral part of this statement.

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

Total fund balances - governmental funds		\$ 122,483,202
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Capital asset at cost	346,482,399	
Accumulated depreciation	<u>(109,951,068)</u>	236,531,331
To recognize accrued interest at year end which is not reported in the governmental funds		(3,173,000)
<p>Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.</p>		
		14,640,388
<p>The differences from benefit plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.</p>		
		(8,929,549)
<p>Deferred outflows of resources include amounts that will not be included in the calculation of the District's total OPEB liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.</p>		
		4,230,714
<p>The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.</p>		
		9,699,304
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:</p>		
General obligation bonds	\$ 265,554,629	
Accreted interest	15,684,891	
Unamortized bond premiums	12,755,825	
Certificates of participation	47,490,000	
Certificates of participation premium	6,376,754	
Net pension liabilities	59,710,441	
Total OPEB liability	26,493,776	
Compensated absences (vacation)	<u>827,463</u>	<u>(434,893,779)</u>
Total net position - governmental activities		<u>\$ (59,411,389)</u>

The notes to financial statements are an integral part of this statement.

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

	General Fund	Building Fund	Bond Interest & Redemption Fund	Spec. Res. Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF sources	\$ 51,845,554	\$ -	\$ -	\$ -	\$ -	\$ 51,845,554
Federal	4,598,101	-	1,449	-	826,293	5,425,843
Other state	7,822,780	-	139,322	-	1,595,726	9,557,828
Other local	9,037,972	947,002	24,366,729	-	647,463	34,999,166
Total revenues	73,304,407	947,002	24,507,500	-	3,069,482	101,828,391
Expenditures:						
Instruction	35,332,072	-	-	-	1,243,384	36,575,456
Instruction-related services:						
Supervision of instruction	704,536	-	-	-	-	704,536
Instruction library, media and technology	786,163	-	-	-	-	786,163
School site administration	5,273,728	-	-	-	460,184	5,733,912
Pupil services:						
Home-to-school transportation	1,077,687	-	-	-	-	1,077,687
Food services	142,085	-	-	-	781,621	923,706
All other pupil services	6,674,383	-	-	-	15,083	6,689,466
General administration:						
Data processing	1,217,826	-	-	-	-	1,217,826
All other general administration	3,375,614	-	-	-	-	3,375,614
Plant services	8,068,093	-	-	-	17,859	8,085,952
Facility acquisition and construction	9,660	33,301,218	-	26,476,813	-	59,787,691
Ancillary services	1,444,405	-	-	-	-	1,444,405
Transfers to other agencies	2,573,078	-	-	-	-	2,573,078
Debt service:						
Principal	-	-	10,445,340	-	-	10,445,340
Interest and fees	-	-	10,037,320	723,132	1,059,607	11,820,059
Total expenditures	66,679,330	33,301,218	20,482,660	27,199,945	3,577,738	151,240,891
Excess (deficiency) of revenues over (under) expenditures	6,625,077	(32,354,216)	4,024,840	(27,199,945)	(508,256)	(49,412,500)
Other financing sources (uses):						
Certificates of participation	-	-	-	43,255,841	4,042,084	47,297,925
Transfers in	-	-	-	-	250,000	250,000
Transfers out	(250,000)	-	-	-	-	(250,000)
Total other financing sources (uses)	(250,000)	-	-	43,255,841	4,292,084	47,297,925
Net change in fund balances	6,375,077	(32,354,216)	4,024,840	16,055,896	3,783,828	(2,114,575)
Fund balances beginning	6,771,630	89,285,627	18,353,861	3,767,267	5,644,696	123,823,081
Prior Period Adjustments - GASB 84	774,696	-	-	-	-	774,696
Fund balance beginning as adjusted	7,546,326	89,285,627	18,353,861	3,767,267	5,644,696	124,597,777
Fund balances ending	\$ 13,921,403	\$ 56,931,411	\$ 22,378,701	\$ 19,823,163	\$ 9,428,524	\$ 122,483,202

The notes to financial statements are an integral part of this statement.

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

Total net change in fund balances - governmental funds \$ (2,114,575)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets additions	58,145,170	
Depreciation expense	<u>(7,119,415)</u>	51,025,755

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Certificates of participation issuances	(47,297,925)	
Accreted interest	(1,579,176)	
Repayment of bond principal	<u>10,445,340</u>	(38,431,761)

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. (3,025,617)

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 other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is: 1,040,647

In governmental funds, deferred loss on early retirement of long-term debt is recognized as other financing uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is: (613,880)

In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned exceeded the amounts used by: (134,317)

In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. (1,227,850)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 290,000

Changes in net position of governmental activities \$ 6,808,402

The notes to financial statements are an integral part of this statement.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Jefferson 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).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District’s combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for general purpose financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2021, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the 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. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district 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 grants and

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Deferred Outflows/Deferred Inflows:

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

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

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable 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.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay Projects. This fund is not substantially composed of restricted or committed revenue sources and does not meet the definition of a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

The *Special Reserve Fund for Capital Projects* exists primarily to account for resources accumulated for capital outlay.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following non-major special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

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

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following non-major capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

G. Encumbrances

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

H. Benefit Plans

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports.

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

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All district-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Stores Inventories and Prepaid Expenditures

Inventories:

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District’s inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

Prepays:

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Furniture and equipment	15-20
Vehicles	8

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, since 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.

6. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs, if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are reported as prepaid expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources or uses.

7. Fund Balance Classifications

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 three percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.
- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2021, capital assets net of accumulated depreciation totaling \$236,531,331 was reduced by related debt of \$236,290,055. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Cafeteria program restrictions reflect the amounts to be expended for federal and state funded school lunch and breakfast programs.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Adult Education restrictions reflect the cash balances in the adult education fund that are restricted for the adult education program.

Educational Programs restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

11. Interfund Transactions

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

12. Eliminations and Reclassifications

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

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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13. Accounting Estimates

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

J. Implemented Accounting Pronouncements

GASB Statement No. 84, "Fiduciary Activities." Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. Items previously reported as part of the agency fund classification of the Fiduciary Funds statements were reviewed to evaluate if they met the new custodial funds criteria. The District restated its general fund's beginning fund balance by \$774,696 to reclassify student body funds previously reported as Agency funds. The student body funds were evaluated to determine if they were custodial funds as identified by GASB 84, but did not meet the definition of custodial funds and were identified as non-fiduciary.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 87, "Leases." Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 91, "Conduit Debt Obligations." Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 92, "Omnibus 2020." Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 93, "Replacement of Interbank Offered Rates." Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." Issued in March 2020, this statement is to improve financial reporting by establishing

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements.” Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB 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.” Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

A summary of cash and investments as of June 30, 2021, is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash on hand and in banks	\$ 804,918	\$ 804,918
Cash with fiscal agent	24,153,686	24,153,686
Cash in revolving fund	4,475	4,475
Cash with County	100,101,176	100,471,550
Total Cash and Investments	\$ 125,064,255	\$ 125,434,629

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2021, the bank balance of the District’s bank accounts was 837,550\$ of which 587,550\$ was not insured by the FDIC but was collateralized as discussed in the next page.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the San Mateo 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.

Cash in County Treasury

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

Policies and Practices

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately \$2.122 billion and an amortized book value of \$2.114 billion.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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County Investment Pool is governed by the County’s general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by Standard & Poor’s Investor Service.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

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

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Non Major Funds	Total
Federal Government	\$ 1,856,566	\$ -	\$ -	\$ 235,001	\$ 2,091,567
State Government	1,924,929	-	-	-	1,924,929
Other resources	313,808	157,717	48,735	12,915	533,175
Totals	<u>\$ 4,095,303</u>	<u>\$ 157,717</u>	<u>\$ 48,735</u>	<u>\$ 247,916</u>	<u>\$ 4,549,671</u>

NOTE 4 - INTERFUND TRANSACTIONS

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

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Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2021, interfund receivables and payables were as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ 311,568	\$ 50,000
Building Fund	-	11,096
Nonmajor Funds	50,000	300,472
Totals	<u>\$ 361,568</u>	<u>\$ 361,568</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. Interfund transfers for fiscal year 2020-2021 were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 250,000
Nonmajor funds	250,000	-
Totals	<u>\$ 250,000</u>	<u>\$ 250,000</u>

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2021, is shown below:

Capital Assets	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Land - not depreciable	\$ 1,536,578	\$ -	\$ -	\$ 1,536,578
Work-in-progress - not depreciable	54,467,090	57,953,354	(35,068)	112,385,376
Buildings	225,475,849	44,592	-	225,520,441
Site improvements	1,774,120	-	-	1,774,120
Equipment	5,083,592	182,292	-	5,265,884
Total capital assets	288,337,229	58,180,238	(35,068)	346,482,399
Less accumulated depreciation for:				
Buildings	97,788,052	6,773,980	-	104,562,032
Site improvements	1,731,347	6,254	-	1,737,601
Equipment	3,312,254	339,181	-	3,651,435
Total accumulated depreciation	102,831,653	7,119,415	-	109,951,068
Total capital assets - net depreciation	<u>\$ 185,505,576</u>	<u>\$ 51,060,823</u>	<u>\$ (35,068)</u>	<u>\$ 236,531,331</u>

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

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

Long-term Liabilities	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Bonds	\$ 303,713,908	\$ 2,135,837	\$ 11,854,400	\$ 293,995,345	\$ 14,746,616
Certificates of Participation	6,757,077	47,297,925	188,248	53,866,754	-
Net Pension Liabilities	53,396,118	22,087,729	15,773,406	59,710,441	-
Total OPEB Liability	25,110,332	11,966,766	10,583,322	26,493,776	-
Compensated Absences	693,145	480,891	346,573	827,463	413,732
Total Long-term Liabilities	\$ 389,670,580	\$ 83,969,148	\$ 38,745,949	\$ 434,893,779	\$ 15,160,348

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation, net pension liabilities and other postemployment benefits will be paid by the fund for which the employee worked. The lease-leaseback is paid from the General Fund and the certificates of participation are paid from the debt service fund.

NOTE 7 - LONG TERM LIABILITIES

General Obligation Bonds

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

General obligation refunding bonds, Series A

In March 2000, the District issued the 2000 General Obligation Refunding Bonds, Series A, for \$22,060,000 to refund in advance certain bonds which were previously issued for the purpose of financing the acquisition and construction of new facilities and improving and repairing existing schools.

2006 General Obligation Bonds, Series B

In July 2009, the District issued the 2006 General Obligation Bonds, Series B, for \$17,998,937 to finance the construction of new school facilities, and the repair and refurbishment of existing facilities. The bonds consisted of current interest and capital appreciation in the amounts of \$3,000,000 and \$14,998,937, respectively. The capital appreciation bonds of \$14,998,937 will mature at \$42,220,000 ranging from the fiscal years 2011 to 2031.

2006 General Obligation Bonds, Series C

In April 2010, the District issued the 2006 General Obligation Bonds, Series C, for \$12,000,000 to finance the construction of new school facilities, and the repair and refurbishment of existing facilities.

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2012 General Obligation Bonds, Series A

On May 9, 2013, the District issued the 2012 General Obligation Bonds, Series A, for \$35,540,000 for constructing and renovating school facilities.

2014 General Obligation Refunding Bonds, Series 2014A

On October 2, 2014, the District issued the 2014 General Obligation Refunding Bonds, Series 2014A, for \$20,360,000 to refund the 2006 General Obligation Bonds Series D.

2015 General Obligation Refunding Bonds

On May 28, 2015, the District issued the 2015 General Obligation Refunding Bonds, for \$41,430,000, to refund the 2005 General Obligation Refunding Bonds and 2006 General Obligation Bonds Series A.

2016 General Obligation Refunding Bonds

In April 2016, the District issued the 2016 General Obligation Refunding Bonds, for \$11,519,263 to refund on an advance basis all of the District's outstanding General Obligation Bonds, Election of 2006, Series D, issued on January 19, 2011 in the original principal amount of \$14,999,737 (the "2006 Series D Bonds"), and to pay related costs of issuance.

2012 General Obligation Bonds, 2012 Election Series C

On May 17, 2016, the District issued the 2012 General Obligation Bonds, 2012 Election Series C, for \$4,860,000, to pay at maturity on June 1, 2016 the issue of 2011 Taxable Bond Anticipation Note (Direct Pay Qualified School Construction Bonds) which were issued by the District on June 16, 2011 in the aggregate principal amount of \$4,860,000 (the "2011 Notes").

2014 General Obligation Bonds, 2014 Election Series A

On May 17, 2016, the District issued the 2014 General Obligation Bonds, 2014 Election Series A, for \$30,000,000, to provide funds to finance the school projects.

General Obligation Bonds, 2014 Election Series C

On June 29, 2017, the District issued \$30,000,000 General Obligation Bonds, Election Series C, to finance the construction of new school facilities, and the repair and refurbishment of existing facilities.

General Obligation Bonds, 2014 Election Series E

On April 26, 2018, the District issued \$38,500,000 General Obligation Bonds, Election Series C, to finance the construction of new school facilities, and the repair and refurbishment of existing facilities.

General Obligation Ed Tech Bonds, 2014 Election Series D

On July 26, 2017, the District issued \$4,000,000 General Obligation Ed Tech Bonds, 2014 Election Series D, for the purpose of financing technology projects authorized under the bond measure.

General Obligation Bonds, 2018 Election Series A

On September 6, 2018, the District issued \$5,000,000 General Obligation Bonds, 2018 Election Series A, to build affordable rental housing so teachers and school staff can live in the communities where they work.

General Obligation Bonds, 2018 Election Series B

On January 15, 2020, the District issued \$28,000,000 in General Obligation Bonds, 2018 Election Series B, to finance voter-authorized projects.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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General Obligation Bonds, 2020 Election Series A

On May 28, 2020, the District issued \$20,000,000 in General Obligation Bonds, 2020 Election Series A, for the purpose of financing the improvement and equipping of school facilities.

2020 General Obligation Refunding Bonds

On May 28, 2020, the District issued \$7,7200,000 2020 General Obligation Refunding Bonds to refund on a current basis portions of two outstanding general obligation bond issues of the District.

The District's outstanding general obligation bonds as of June 30, 2021 were as follows:

Bonds	Maturity Date	Interest Rate (%)	Original Issue	Balance July 01, 2020	Issued	Redeemed	Balance June 30, 2021
2000 GORB, Series A	8/1/2029	5.75-6.45	\$ 22,060,000	\$ 10,285,000	\$ -	\$ 1,040,000	\$ 9,245,000
2006 GOB Series B	8/1/2033	2.5-12	17,998,937	13,068,706	-	653,340	12,415,366
2006 GOB Series C	8/1/2026	3-5	12,000,000	1,115,000	-	1,115,000	-
2012 GOB Series A	8/1/2037	2-5	35,540,000	30,045,000	-	1,080,000	28,965,000
2014 GOB Series A	8/1/2039	3-5	20,360,000	20,075,000	-	325,000	19,750,000
2015 GORB	8/1/2031	2-5	41,430,000	33,450,000	-	2,095,000	31,355,000
2016 GORB	8/1/2034	3.65-3.95	11,519,263	11,519,263	-	-	11,519,263
2012 GOB Series C	8/1/2020	2-5	4,860,000	1,470,000	-	1,470,000	-
2014 GOB Series A	8/1/2041	3-5	30,000,000	25,875,000	-	410,000	25,465,000
2014 GOB Series C	8/1/2045	4-5	30,000,000	29,125,000	-	-	29,125,000
2014 GOB Series E	8/1/2044	3.5-5	38,500,000	38,500,000	-	-	38,500,000
2014 GOB Series D, Ed-Tech	8/1/2020	1.61	4,000,000	752,000	-	752,000	-
2018 GOB Series A	8/1/2035	3.25-8	5,000,000	5,000,000	-	1,250,000	3,750,000
2018 GOB Series B	8/1/2045	2-5	28,000,000	28,000,000	-	-	28,000,000
2020 GOB Series A	8/1/2045	2.12-4	20,000,000	20,000,000	-	-	20,000,000
2020 GORB	8/1/2033	1.62-4	7,720,000	7,720,000	-	255,000	7,465,000
Subtotal General Obligation Bonds			328,988,200	275,999,969	-	10,445,340	265,554,629
Accreted Interest			-	14,105,715	2,135,837	556,661	15,684,891
Premiums			-	13,608,224	-	852,399	12,755,825
Total Bonds			\$ 328,988,200	\$ 303,713,908	\$ 2,135,837	\$ 11,854,400	\$ 293,995,345

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 14,746,616	\$ 10,056,038	\$ 24,802,654
2023	8,889,453	9,759,700	18,649,153
2024	9,636,542	9,568,033	19,204,575
2025	9,552,580	10,155,833	19,708,413
2026	10,089,631	10,431,587	20,521,218
2027-2031	54,161,738	49,229,829	103,391,567
2032-2036	57,888,069	31,778,465	89,666,534
2037-2041	49,935,000	13,020,653	62,955,653
2042-2046	50,655,000	4,336,056	54,991,056
Total Debt Service	\$ 265,554,629	\$ 148,336,194	\$ 413,890,823

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Certificates of Participation

In July 2019, the District issued \$2,390,000 in 2019 Certificates of Participation, Series A and \$4,225,000 in 2019 Taxable Certificates of Participation, Series B. The Series A was issued at a premium of \$142,077 and have coupon rates of 2.25% to 4% through August 2049. The Series B have coupon rates of 3.6% to 4.65% through August 2049. The funds were issued to fund future planning costs related to the development of certain properties of the District.

In July 20120 the District issued \$40,875,000 in 2020 Certificates of Participation at a premium of \$6,422,925 with interest rates of at 4% through August 2055. The funds were issued to fund the District’s Teacher and Staff Housing project.

The District’s outstanding certificates of participation as of June 30, 2021 were as follows:

Certificates of Participation	Maturity Date	Interest Rate (%)	Original Issue	Balance July 01, 2020	Issued	Redeemed	Balance June 30, 2021
2019 COP Series A	8/1/2049	2.25-4	\$ 2,390,000	\$ 2,390,000	\$ -	\$ -	\$ 2,390,000
2019 COP Series B	8/1/2049	3.6-4.65	4,225,000	4,225,000	-	-	4,225,000
2020 COP	8/1/2055	2.02-4.4	40,875,000	-	40,875,000	-	40,875,000
Subtotal Certificates of Participation			47,490,000	6,615,000	40,875,000	-	47,490,000
Premiums			-	142,077	6,422,925	188,248	6,376,754
Total Certificates of Participation			<u>\$47,490,000</u>	<u>\$ 6,757,077</u>	<u>\$ 47,297,925</u>	<u>\$ 188,248</u>	<u>\$ 53,866,754</u>

As of June 30, 2021, the annual debt service requirements were a follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 1,877,107	\$ 1,877,107
2023	-	1,922,524	1,922,524
2024	645,000	1,922,524	2,567,524
2025	-	1,896,724	1,896,724
2026	15,000	1,896,724	1,911,724
2027-2031	745,000	9,451,229	10,196,229
2032-2036	2,680,000	9,158,215	11,838,215
2037-2041	5,315,000	8,411,679	13,726,679
2042-2046	8,840,000	7,056,801	15,896,801
2047-2051	13,470,000	4,862,598	18,332,598
2052-2056	15,780,000	1,984,000	17,764,000
Total Debt Service	<u>\$ 47,490,000</u>	<u>\$ 50,440,125</u>	<u>\$ 97,930,125</u>

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in a joint powers agreement ("JPA") with the San Mateo County Schools Insurance Group ("SMCSIG"). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation of the JPA independent of any influence by the District beyond the District's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA not a component unit of the District for financial reporting purposes. The following is a summary of coverage provided by SMCSIG JPA and its most recent financial statement information:

	SMCSIG June 30, 2020
Total Assets and Deferred Outflows	\$ 30,522,324
Total Liabilities and Deferred Inflows	10,414,354
Total Equity	20,107,970
Total Revenues	47,186,957
Total Expenditures	42,682,077

NOTE 9 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of any claims or litigation will not have a material adverse effect on the District's financial position or results of operations.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's CalPERS Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	20.700%	20.700%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For fiscal year ending June 30, 2020, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2021, the District's contributions were as follows:

	CalPERS
Employer Contributions	\$ 1,973,811

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	\$ 19,977,751

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The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of measurement dates, June 30, 2020 and 2021, was as follows:

	CalPERS
Proportion - June 30, 2020	0.05926%
Proportion - June 30, 2021	0.06511%
Change - Increase/(Decrease)	0.00585%

For the year ended June 30, 2021, the District recognized pension expense of \$3,979,919 for the Plan. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 73,259	\$ -
Differences between Expected and Actual Experience	990,835	-
Differences between Projected and Actual Investment Earnings	415,873	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	446,655
Change in Employer's Proportion	1,146,051	344,832
Pension Contributions Made Subsequent to Measurement Date	1,973,811	-
Total	\$ 4,599,829	\$ 791,487

The District reported \$1,973,811 as deferred outflows of resources related to contributions subsequent to the measurement date that 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 as pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources
Fiscal Year Ending June 30:	CalPERS
2022	\$ 528,840
2023	535,298
2024	549,184
2025	221,209
2026	-
Thereafter	-
Total	\$ 1,834,531

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Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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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 rounded down to the nearest one quarter of one percent.

The table below reflects the 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.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

	<u>CalPERS</u>
1% Decrease	6.15%
Net Pension Liability \$	28,721,660
Current	7.15%
Net Pension Liability \$	19,977,751
1% Increase	8.15%
Net Pension Liability \$	12,720,745

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
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California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.150%	16.150%
Required State contribution rates	10.328%	10.328%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2021 the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 3,764,882
State Contributions	2,314,602
Total	\$ 6,079,484

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Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 39,732,690
State	20,482,202
Total	\$ 60,214,892

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. 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 employers, actuarially determined. The state contributed 10.46 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1.

The District's proportionate share of the net pension liability for the Plan as of measurement dates, June 30, 2020 and 2021, was as follows:

	CalSTRS
Proportion - June 30, 2020	0.04000%
Proportion - June 30, 2021	0.04100%
Change - Increase/(Decrease)	0.00100%

For the year ended June 30, 2021, the District recognized pension expense of \$6,972,184 for the Plan which included a State contribution of \$2,314,602. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 3,874,500	\$ -
Differences between Expected and Actual Experience	70,110	1,120,530
Differences between Projected and Actual Investment Earnings	943,820	-
Differences between Employer's Contributions and Proportionate Share of Contributions	74,069	935,864
Change in Employer's Proportion	1,313,177	1,193,846
Pension Contributions Made Subsequent to Measurement Date	3,764,882	-
Total	\$ 10,040,558	\$ 3,250,240

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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The District reported \$3,764,882 as deferred outflows of resources related to contributions subsequent to the measurement date that 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 as pension expense as follows:

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
Ending June 30:	CalSTRS
2022	\$ 6,368
2023	980,118
2024	1,482,405
2025	526,193
2026	(40,571)
Thereafter	70,923
Total	\$ 3,025,436

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

- (1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
- (2) Net of investment expense but gross of administrative expenses.
- (3) Based on 110% of the MP-2016 Ultimate Projection

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.

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The table below reflects the 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 rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return (a) (b)</u>
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	<u>100.00%</u>	

(a) Real return is net of assumed 2.75% inflation.

(b) 20-year geometric average.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

	<u>CalSTRS</u>
1% Decrease	6.10%
Net Pension Liability	\$ 60,030,560
Current	7.10%
Net Pension Liability	\$ 39,732,690
1% Increase	8.10%
Net Pension Liability	\$ 22,973,940

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 11 - POSTEMPLOYMENT HEALTHCARE PLAN (OPEB)

Plan Description and Benefits - The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical benefits for the following groups of employees:

	<u>Bus. & Inst. Support</u>	<u>Certificated</u>	<u>Management/ Confidential</u>
Benefit types provided	Medical Dental	Medical Dental	Medical Dental
Duration of benefits	Lifetime	To age 65	To age 65
Medical	7 yrs <= 70	7 yrs <= 70	7 yrs <= 70
Dental	15 yrs <= 75	10 yrs <= 75	10 yrs <= 75
Required service	15 years	15 years	15 years
Minimum age	PERS retirement	STRS retirement	PERS/STRS
Dependent coverage	Yes	Yes	Yes
District contribution %	100%	100%	100%
District cap	None	None	None

	<u>Operational Support</u>	<u>Teamsters</u>
Benefit types provided	Medical Dental	Medical Dental
Duration of benefits	Lifetime	Lifetime
Medical	7 yrs <= 70	7 yrs <= 70
Dental	10 yrs <= 75	10 yrs <= 75
Required service	15 years	15 years
Minimum age	PERS retirement	PERS retirement
Dependent coverage	Yes	Yes
District contribution %	100%	100%
District cap	None	None

Employees Covered by Benefit Terms - At June 30, 2020 (the valuation date), the benefit terms covered the following employees:

Active employees	467
Inactive employees	91
Total employees	558

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total benefit payments included in the measurement period were \$1,150,396. The actuarially determined contribution for the measurement period was \$1,864,131. The District's contributions were 3.38% of covered employee payroll during the measurement period June 30, 2021 (reporting period June 30, 2021). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	12.4 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.16%
Inflation	2.75%
Payroll Increases	2.75%
Municipal Bond Rate	3.50%
Healthcare Trend Rate	4.00%
Mortality	2020 CalSTRS and 2017 CalPERS Misc
Retirement	Certificated: Hired 2012 and before. 2020 CalSTRS 2.0%@60 Rates Hired 2013 and after. 2020 CalSTRS 2.0%@62 Rates Business & Instructional Support Services: Hired 2012 and before. 2017 CalPERS 2.0%@55 Hired 2013 and after. 2017 CalPERS 2.0%@62 Management: Hired 2012 and before. 2017 CalPERS 2.0%@55 Hired 2013 and after. 2017 CalPERS 2.0%@62 Operational Support Services: Hired 2012 and before. 2017 CalPERS 2.0%@55 Hired 2013 and after. 2017 CalPERS 2.0%@62 Teamsters: Hired 2012 and before. 2017 CalPERS 2.0%@55 Hired 2013 and after. 2017 CalPERS 2.0%@62

** The discount rate was increased from 2.20% to 2.16% in 2021.

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

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Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2021:

Fiscal Year Ended June 30, 2021	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 25,110,332	\$ -	\$ 25,110,332
Service cost	1,866,735	-	1,866,735
Interest in Total OPEB Liability	560,307	-	560,307
Balance of changes in assumptions	106,798	-	106,798
Benefit payments	(1,150,396)	-	(1,150,396)
Net changes	1,383,444	-	1,383,444
Balance at June 30, 2021	\$ 26,493,776	\$ -	\$ 26,493,776
Covered Employee Payroll	\$ 34,073,414		
Total OPEB Liability as a % of Covered Employee Payroll	77.75%		
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%		
Service Cost as a % of Covered Employee Payroll	5.48%		
Net OPEB Liability as a % of Covered Employee Payroll	77.75%		

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - 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
Difference between actual and expected experience	\$ -	\$ 4,887,823
Change in assumptions	4,230,714	-
Totals	\$ 4,230,714	\$ 4,887,823

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,	
2022	\$ (48,796)
2023	(48,796)
2024	(48,796)
2025	(48,796)
2026	(48,796)
Thereafter	(413,129)
Total	\$ (657,109)

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	\$ 1,866,735
Interest in TOL	560,307
Difference between actual and expected experience	(469,983)
Change in assumptions	421,187
OPEB Expense	<u>\$ 2,378,246</u>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021:

Total OPEB liability ending	\$ 26,493,776
Total OPEB liability beginning	<u>(25,110,332)</u>
Change in total OPEB liability	1,383,444
Changes in deferred outflows	314,389
Changes in deferred inflows	(469,983)
Employer contributions and implicit subsidy	<u>1,150,396</u>
OPEB Expense	<u>\$ 2,378,246</u>

Sensitivity to Changes in the Discount Rate - The net OPEB liability of the 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, is as follows:

	Municipal Bond Rate		
	(1% Decrease)	2.16%	(1% Increase)
Total OPEB Liability	\$ 29,096,332	\$ 26,493,776	\$ 24,148,085

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	3.50%	(1% Increase)
Total OPEB Liability	\$ 22,970,574	\$ 26,493,776	\$ 30,825,587

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
LCFF sources	\$ 49,583,812	\$ 51,509,118	\$ 51,845,554	\$ 336,436
Federal	1,964,973	4,401,989	4,598,101	196,112
Other state	3,165,819	4,876,526	7,822,780	2,946,254
Other local	9,465,963	8,878,911	9,037,972	159,061
Total revenues	<u>64,180,567</u>	<u>69,666,544</u>	<u>73,304,407</u>	<u>3,637,863</u>
Expenditures:				
Certificated salaries	23,300,820	24,699,882	24,696,678	3,204
Classified salaries	9,575,149	10,056,520	10,052,954	3,566
Employee benefits	15,372,774	15,296,112	15,253,294	42,818
Books and supplies	2,220,825	3,565,313	3,564,048	1,265
Services and other operating expenditures	11,203,504	11,078,806	10,393,642	685,164
Capital outlay	236,576	290,717	145,636	145,081
Other outgo	3,232,565	3,181,616	2,573,078	608,538
Total expenditures	<u>65,142,213</u>	<u>68,168,966</u>	<u>66,679,330</u>	<u>1,489,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(961,646)</u>	<u>1,497,578</u>	<u>6,625,077</u>	<u>5,127,499</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(250,000)	(260,000)	(250,000)	10,000
Total other financing sources (uses)	<u>(250,000)</u>	<u>(260,000)</u>	<u>(250,000)</u>	<u>10,000</u>
Net change in fund balance	(1,211,646)	1,237,578	6,375,077	5,137,499
Fund balances beginning	6,771,630	6,771,630	6,771,630	-
Prior period adjustment - GASB 84	774,696	774,696	774,696	-
Fund balance beginning as restated	<u>7,546,326</u>	<u>7,546,326</u>	<u>7,546,326</u>	
Fund balances ending	<u>\$ 6,334,680</u>	<u>\$ 8,783,904</u>	<u>\$ 13,921,403</u>	<u>\$ 5,137,499</u>

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

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CalPERS	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	\$ 932,155	\$ 946,835	\$ 1,122,298	\$ 1,272,615	\$ 1,495,302	\$ 1,866,439	\$ 1,973,811
Contributions in Relation to Contractually Required Contributions	932,155	946,835	1,122,298	1,272,615	1,495,302	1,866,439	1,973,811
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,919,081	\$ 7,991,990	\$ 8,081,063	\$ 8,194,031	\$ 8,278,718	\$ 9,472,092	\$ 9,535,319
Contributions as a % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.70%	20.70%

Notes to Schedule:

Valuation Date: June 30, 2019
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4.1 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

CalSTRS	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	\$ 1,811,391	\$ 2,208,977	\$ 2,619,956	\$ 3,099,031	\$ 3,555,247	\$ 3,931,204	\$ 3,764,882
Contributions in Relation to Contractually Required Contributions	1,811,391	2,208,977	2,619,956	3,099,031	3,555,247	3,931,204	3,764,882
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 20,398,547	\$ 20,586,925	\$ 20,826,359	\$ 21,476,306	\$ 21,838,127	\$ 14,567,425	\$ 23,311,963
Contributions as a % of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	26.99%	16.15%

Notes to Schedule:

Valuation Date: June 30, 2019
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District's required and actual contributions to CalPERS / CalSTRS during the year.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CalPERS	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.07280%	0.06990%	0.06670%	0.06337%	0.06155%	0.05926%	0.06511%
District's Proportionate Share of Net Pension Liability	\$ 8,264,572	\$ 10,303,328	\$ 13,173,292	\$ 15,128,092	\$ 16,411,168	\$ 17,269,718	\$ 19,977,751
District's Covered Payroll	\$ 7,731,137	\$ 7,919,081	\$ 7,991,990	\$ 8,081,063	\$ 8,194,031	\$ 8,278,718	\$ 9,464,221
District's Proportionate Share of NPL as a % of Covered Payroll	106.90%	130.11%	164.83%	187.20%	200.28%	208.60%	211.09%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%
CalSTRS	2015	2016	2017	2018	2019	2020	2021
District's Proportion of Net Pension Liability	0.04500%	0.03900%	0.04200%	0.03900%	0.03900%	0.04000%	0.04100%
District's Proportionate Share of Net Pension Liability	\$ 26,296,650	\$ 26,256,360	\$ 33,970,020	\$ 36,066,810	\$ 35,843,730	\$ 36,126,400	\$ 39,732,690
State's Proportionate Share of Net Pension Liability Associated with the District	15,878,969	13,886,726	19,338,453	21,336,764	20,522,328	19,709,480	20,482,202
Total	<u>\$ 42,175,619</u>	<u>\$ 40,143,086</u>	<u>\$ 53,308,473</u>	<u>\$ 57,403,574</u>	<u>\$ 56,366,058</u>	<u>\$ 55,835,880</u>	<u>\$ 60,214,892</u>
District's Covered Payroll	\$ 19,927,321	\$ 20,398,547	\$ 20,586,925	\$ 20,826,359	\$ 21,476,306	\$ 23,010,805	\$ 22,989,497
District's Proportionate Share of NPL as a % of Covered Payroll	131.96%	128.72%	165.01%	173.18%	166.90%	157.00%	172.83%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased to 7.0% in the District's fiscal year 2018.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District's portion of the net pension liability of CalPERS / CalSTRS in compliance with GASB 68.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF TOTAL OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Fiscal Year Ended	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 1,729,909	\$ 1,777,481	\$ 1,938,518	\$ 1,866,735
Interest	864,347	831,564	892,350	560,307
Differences between expected and actual experience	-	-	(5,827,789)	-
Changes of assumptions	-	657,305	4,361,233	106,798
Benefit payments	(1,598,324)	(1,659,318)	(1,560,898)	(1,150,396)
Net change in Total OPEB Liability	995,932	1,607,032	(196,586)	1,383,444
Total OPEB Liability - beginning	22,703,954	23,699,886	25,306,918	25,110,332
Total OPEB Liability - ending	<u>\$ 23,699,886</u>	<u>\$ 25,306,918</u>	<u>\$ 25,110,332</u>	<u>\$ 26,493,776</u>
Plan fiduciary net position				
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 23,699,886	25,306,918	25,110,332	26,493,776
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 31,410,161	\$ 32,273,940	\$ 33,161,473	\$ 34,073,414
Net OPEB liability as a percentage of covered employee payroll	75.45%	78.41%	75.72%	77.75%
Total OPEB liability as a percentage of covered employee payroll	75.45%	78.41%	75.72%	77.75%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

There were no changes in trend rates.

The discount rate decreased from 3.8% in 2018 to 3.5% in 2019, 2.2% in 2020 and 2.16% in 2021.

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**SUPPLEMENTARY
INFORMATION**

**JEFFERSON UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Total Nonmajor Funds
	Adult Education Fund	Cafeteria Fund	Debt Service Fund	Capital Facilities Fund	
Assets					
Cash and investments	\$ 909,617	\$ 153,088	\$ 4,311,128	\$ 4,185,388	\$ 9,559,221
Accounts receivable	153,520	84,111	-	10,285	247,916
Due from other funds	-	50,000	-	-	50,000
Total Assets	\$ 1,063,137	\$ 287,199	4,311,128	\$ 4,195,673	\$ 9,857,137
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 104,982	\$ 13,602	-	\$ 6,169	\$ 124,753
Due to other funds	119,968	162,874	-	17,630	300,472
Unearned revenue	3,388	-	-	-	3,388
Total Liabilities	228,338	176,476	-	23,799	428,613
Fund balances:					
Nonspendable revolving funds	475	-	-	-	475
Restricted for adult education	745,069	-	-	-	745,069
Restricted for cafeteria programs	-	88,518	-	-	88,518
Restricted for debt service	-	-	4,311,128	-	4,311,128
Restricted for capital projects	-	-	-	1,147,206	1,147,206
Assigned for capital projects	-	-	-	3,024,668	3,024,668
Assigned for cafeteria programs	-	22,205	-	-	22,205
Assigned for adult education	89,255	-	-	-	89,255
Total Fund Balances	834,799	110,723	4,311,128	4,171,874	9,428,524
Total Liabilities and Fund Balances	\$ 1,063,137	\$ 287,199	\$ 4,311,128	\$ 4,195,673	\$ 9,857,137

**JEFFERSON UNION HIGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Total Nonmajor Funds
	Adult Education Fund	Cafeteria Fund	Debt Service Fund	Capital Facilities Fund	
Revenues:					
Federal	\$ 326,010	\$ 500,283	\$ -	\$ -	\$ 826,293
Other state	1,559,725	36,001	-	-	1,595,726
Other local	13,407	(1,040)	-	635,096	647,463
Total revenues	<u>1,899,142</u>	<u>535,244</u>	<u>-</u>	<u>635,096</u>	<u>3,069,482</u>
Expenditures:					
Current					
Instruction	1,243,384	-	-	-	1,243,384
Instruction-related services:					
School site administration	460,184	-	-	-	460,184
Pupil services:					
Food services	-	781,621	-	-	781,621
All other pupil services	15,083	-	-	-	15,083
Plant services	-	-	-	17,859	17,859
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	1,059,607	-	1,059,607
Total expenditures	<u>1,718,651</u>	<u>781,621</u>	<u>1,059,607</u>	<u>17,859</u>	<u>3,577,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>180,491</u>	<u>(246,377)</u>	<u>(1,059,607)</u>	<u>617,237</u>	<u>(508,256)</u>
Other financing sources (uses):					
Certificates of participation	-	-	4,042,084	-	4,042,084
Transfers in	-	250,000	-	-	250,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>250,000</u>	<u>4,042,084</u>	<u>-</u>	<u>4,292,084</u>
Net change in fund balances	180,491	3,623	2,982,477	617,237	3,783,828
Fund balances beginning	<u>654,308</u>	<u>107,100</u>	<u>1,328,651</u>	<u>3,554,637</u>	<u>5,644,696</u>
Fund balances ending	<u>\$ 834,799</u>	<u>\$ 110,723</u>	<u>\$ 4,311,128</u>	<u>\$ 4,171,874</u>	<u>\$ 9,428,524</u>

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**STATE AND FEDERAL
AWARD COMPLIANCE
SECTION**

**JEFFERSON UNION HIGH SCHOOL DISTRICT
ORGANIZATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

The Jefferson Union High School District (the “District”), established in 1922, is located in the northern portion of San Mateo County. There were no changes in the boundaries of the District during the current year. The District is currently operating four (4) high schools and one (1) continuation high school, and an adult education program.

Governing Board

Name	Office	Term Expires
Rosie Tejada	President	2022
Andrew Lie	Vice President	2024
Carla Ng-Garrett	Clerk	2022
Kalimah Salahuddin	Trustee	2024
Nick Occhipinti	Trustee	2022

Administration

Toni Presta
Superintendent

Kareen Baca
Associate Superintendent, Education

Tina Van Raaphorst
Associate Superintendent, Business Services

Dorene Basuino
Associate Superintendent, Students Services & Human Resources

Laurie Robinson
Director of Categorical Programs

Monique Arbuckle
Director of Special Education

Daina Lujan
Director of Human Resources

Jacob Meyer
Director of Information & Technology

Vacant
Director of Food Service

Mark Beshirs
Director of Adult School

April Hawkins
Director of Communications & Staff Housing

Stefanie Phillips
Director of Bond Projects/Construction

Marcus Peppers
*Director of Maintenance, Operations,
Transportation & Safety*

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Grade Level	Minutes Requirements	2021 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	n/a	n/a	180	0	In compliance
Grade 10	n/a	n/a	180	0	In compliance
Grade 11	n/a	n/a	180	0	In compliance
Grade 12	n/a	n/a	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts. However, for fiscal year 2021, districts are only required to offer a minimum number of days based on Education Code Section 46200, chapter 2, part 26. This schedule reports the District's compliance with this Ed. Code Section.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school whether or not the charter school is included in the District audit.

Schedule of Charter Schools:

<u>Charter School</u>	<u>Charter School Number</u>	<u>Status</u>
Summit Public School Shasta	1500	Excluded from financial statements

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	(Budget) ¹ 2022	2021	2020	2019
General Fund				
Revenues and other financial sources	\$ 72,142,345	\$ 73,304,407	\$ 63,810,882	\$ 64,477,827
Expenditures	72,731,406	66,679,330	65,043,979	62,003,821
Other uses and transfers out	250,000	250,000	1,764,930	180,000
Total outgo	72,981,406	66,929,330	66,808,909	62,183,821
Change in fund balance	\$ (839,061)	\$ 6,375,077	\$ (2,998,027)	\$ 2,294,006
Beginning fund balance adjustment: GASB 84	\$ -	\$ 774,696	\$ -	\$ -
Ending fund balance	\$ 13,082,342	\$ 13,921,403	\$ 6,771,630	\$ 9,769,657
Available reserves ⁽²⁾	\$ 7,544,323	\$ 7,146,610	\$ 2,904,776	\$ 6,298,398
Designated for economic uncertainty	\$ 2,181,942	\$ 2,000,380	\$ 1,930,618	\$ 2,609,239
Unassigned fund balance	\$ 5,362,381	\$ 5,146,230	\$ 974,158	\$ 3,689,159
Available reserves as a percentage of total outgo	10.34%	10.68%	4.35%	10.13%
Total long-term debt	\$ 419,733,431	\$ 434,893,779	\$ 389,670,580	\$ 339,339,456
Average daily attendance at P-2	4,148	4,132	4,105	4,110

Average daily attendance has increased by 22 over the past three years. The District anticipates an increase of 16 ADA.

The general fund balance has increased by \$4,151,746 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The District has had an operating surplus in two of the past three years. Total long-term liabilities have increased by \$95,554,323 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2021/22.

² Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PROGRAM NAME	FEDERAL CATALOG NUMBER	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
<i>Special Education Cluster</i>			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	\$ 928,453
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	3,783
Total Special Education Cluster			<u>932,236</u>
<i>Adult Education</i>			
Adult Education: Adult Basic Education & ELA	84.002A	14508	153,809
Adult Education: Adult Secondary Education	84.002	13978	107,813
Adult Education: English Literacy & Civics Education	84.002A	14109	64,388
Total Adult Education			<u>326,010</u>
<i>Title II</i>			
ESEA (ESSA): Title II, Part A, Teacher Quality	84.367	14341	104,431
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	2,901
Total Title II			<u>107,332</u>
<i>Title III</i>			
ESEA (ESSA): Title III, Immigrant Student Program	84.365	15146	14,947
ESEA (ESSA): Title III, English Learner Student Program	84.365	14346	72,297
Total Title III			<u>87,244</u>
<i>Education Stabilization Fund (ESF)</i>			
Elementary and Secondary School Emergency Relief (ESSER) Fund	(1) 84.425D	15536	358,453
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	36,359
Total Education Stabilization Fund (ESF)			<u>394,812</u>
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.424C	15517	201,945
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	698,143
ESEA: ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	144,542
Department of Rehab: Workability II, Transition Partnership	84.126	10006	110,456
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	86,780
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>3,089,500</u>
U. S. DEPARTMENT OF TREASURY			
Passed Through California Department of Education			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	(1) 21.019	25516	1,831,466
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
<i>Child Nutrition Cluster</i>			
Child Nutrition: Lunch Program	10.555	13391	500,283
Total Child Nutrition Cluster			<u>500,283</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 5,421,249</u>

(1) Audited as major program

**JEFFERSON UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Building Fund	Bond Redemption Fund	Spec. Res. Fund for Capital Outlay Projects	Other Nonmajor Governmental Funds
June 30, 2021 Annual Financial and Budget Report Fund Balances	\$ 13,091,029	\$ 56,931,411	\$ 22,378,701	\$ 19,823,163	\$ 10,258,898
Adjustments and Reclassifications:					
Special Reserve Fund for Postemployment Benefits:					
GASB 54 Consolidation	830,374	-	-	-	(830,374)
June 30, 2021 Audited Financial Statements Fund Balances	<u>\$ 13,921,403</u>	<u>\$ 56,931,411</u>	<u>\$ 22,378,701</u>	<u>\$ 19,823,163</u>	<u>\$ 9,428,524</u>

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS
FOR THE YEAR ENDED JUNE 30, 2021**

1. PURPOSE OF SCHEDULES

A. Schedule of Instructional Time

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

B. Schedule of Charter Schools

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

C. 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.

D. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – 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 Regulations, 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 basic financial statements.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS
FOR THE YEAR ENDED JUNE 30, 2021**

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de-minimus indirect cost rate as allowed under Uniform Guidance.

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**OTHER INDEPENDENT
AUDITOR'S REPORTS**



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

Board of Trustees
of the Jefferson Union High School District
Daly City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Union High School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 24, 2022

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the 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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and



material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

January 24, 2022
Morgan Hill, California



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Education
of the Jefferson Union High School District
Daly City, California

Report on Compliance for Each Major Federal Program

We have audited Jefferson Union High School District’s (the District) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2021. The 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 the 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the 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 the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

January 24, 2022
Morgan Hill, California



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
 Jefferson Union High School District
 Daly City, California

Compliance

We have audited the Jefferson Union High School District's (the District) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District’s state programs identified below for the year ended June 30, 2021.

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 applicable program as identified in the State’s audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	N/A
Continuation Education	Yes
Instructional Time	Yes



<u>Description</u>	<u>Procedures Performed</u>
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	N/A
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2021.

C & A LLP

January 24, 2022
 Morgan Hill, California

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**FINDINGS AND
RECOMMENDATIONS**

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses? _____ Yes x No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes x None Reported

Non-compliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses? _____ Yes x No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes x None Reported

Type of auditor's report issued on compliance over major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes x No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation

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

Auditee qualified as low risk auditee? x Yes _____ No

State Awards

Internal control over state programs:

Material weaknesses? _____ Yes x No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes x None Reported

Type of auditor's report issued on compliance over state programs: Unmodified

**JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

**JEFFERSON UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.