



Financial Statements
June 30, 2021

Newhall School District



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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 58, schedule of changes in the District's total OPEB liability and related ratios on page 59, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 60, schedule of the District's proportionate share of the net pension liability on pages 61 and 62, and schedule of District contributions on pages 63 and 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2021 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
December 16, 2021

Governing Board Members

Donna Rose

Ernesto Smith

Suzan T. Solomon

Isaiah Talley

Brian Walters



NEWHALL SCHOOL DISTRICT

COLLABORATE | INNOVATE | PERSEVERE | EXCEL

Jeff Pelzel

Superintendent

Dee Jamison

Assistant Superintendent
Instructional Services

Sheri Staszewski

Assistant Superintendent
Business Services

Amanda Montemayor

Assistant Superintendent
Human Resources

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for governmental activities.

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

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

The Primary unit of the government is the Newhall School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

- The District's total net position was \$25,173,671 as June 30, 2021.
- During the year, the District's expenses were \$3,488,976 less than the \$84,017,219 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$80,528,243; down from last year's \$85,447,441.
- The General Fund reported a fund balance this year of \$14,857,574.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$25,173,671 for the fiscal year ended June 30, 2021. Of this amount, \$48,687,246 was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	\$ 42,460,401	\$ 33,047,662
Capital assets	133,965,665	137,012,921
Total assets	176,426,066	170,060,583
Deferred outflows of resources	18,487,019	20,047,377
Liabilities		
Current liabilities	8,693,159	7,604,238
Long-term liabilities	154,448,206	154,797,819
Total liabilities	163,141,365	162,402,057
Deferred inflows of resources	6,598,049	6,021,208
Net Position		
Net investment in capital assets	66,770,512	66,856,622
Restricted	7,090,405	4,419,462
Unrestricted	(48,687,246)	(49,591,389)
Total net position	\$ 25,173,671	\$ 21,684,695

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 970,506	\$ 28,098
Operating grants and contributions	17,714,873	11,655,211
Capital grants and contributions	3,681,304	10,260,815
General revenues		
Federal and State aid not restricted	34,526,688	39,369,716
Property taxes	25,972,954	24,508,140
Other general revenues	1,150,894	5,943,289
Total revenues	84,017,219	91,765,269
Expenses		
Instruction-related	58,507,472	63,317,556
Pupil services	4,674,087	5,032,871
Administration	5,400,802	5,635,738
Plant services	7,037,363	7,456,004
All other services	4,908,519	4,005,272
Total expenses	80,528,243	85,447,441
Change in net position	\$ 3,488,976	\$ 6,317,828

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$80,528,243. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$25,972,954 because of the cost paid by those who benefited from the programs (\$970,506) or by other governments and organizations who subsidized certain programs with grants and contributions (\$21,396,177). The District paid for the remaining "public benefit" portion of our governmental activities with \$34,526,688 in Federal and State unrestricted funds, and with \$1,150,894 in other revenues, such as interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction-related	\$ 58,507,472	\$ 63,317,556	\$ (40,189,601)	\$ (42,074,786)
Pupil services	4,674,087	5,032,871	(3,604,613)	(4,659,100)
Administration	5,400,802	5,635,738	(4,556,698)	(5,383,392)
Plant services	7,037,363	7,456,004	(6,786,522)	(7,456,004)
All other services	4,908,519	4,005,272	(3,024,126)	(3,930,035)
Total	\$ 80,528,243	\$ 85,447,441	\$ (58,161,560)	\$ (63,503,317)

The District had a net increase in net position of \$3,488,976. The District was able to continue updating technology and facility equipment, and continue ongoing improvements of existing schools such as exterior painting, hardscape repair, and carpeting through the use of capital outlay funding.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$34,802,680, which is an increase of \$8,301,089 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2020	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 10,786,906	\$ 73,147,892	\$ 69,077,224	\$ 14,857,574
Building	3,175	186	3,361	-
Special Reserve Fund for Capital Outlay Projects	12,179,382	3,803,890	217,593	15,765,679
Child Development	11,052	866,776	844,099	33,729
Deferred Maintenance	513,286	839	263,331	250,794
Capital Facilities	665,519	982,424	38,919	1,609,024
County School Facilities	-	3,681,304	3,681,304	-
Bond Interest and Redemption	2,342,271	4,518,084	4,574,475	2,285,880
Total	\$ 26,501,591	\$ 87,001,395	\$ 78,700,306	\$ 34,802,680

The primary reason the District's overall fund balance increased:

- The District received \$3,681,304 in matching funds from the State Facilities Program for prior year facility projects.
- New Federal and State COVID-19 related funding sources.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 22, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 58.)

- Significant revenue revisions made to the 2020-2021 budget were due to Federal and State carryover funds and new Federal and State COVID-19 related funding sources.
- An adjustment to revenues and expenditures associated with STRS on-behalf.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$133,965,665 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions and deductions and depreciation) of \$3,047,256, or 2.22%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 26,437,149	\$ 26,533,108
Buildings and improvements	106,210,107	109,193,020
Equipment	1,318,409	1,286,793
Total	\$ 133,965,665	\$ 137,012,921

This year's addition totaled \$792,007 with the majority of the expenditures related to roofing and carpet replacement at multiple school sites and purchases of networking equipment for server upgrades. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$154,448,206 in long-term liabilities outstanding versus \$154,797,819 last year, a decrease of 0.23%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 62,115,000	\$ 64,005,000
Premium on issuance	5,252,418	5,544,219
Capital leases	517,351	610,255
Compensated absences	564,787	474,909
Net OPEB liability	13,925,620	12,973,672
Aggregate net pension liability	72,073,030	71,189,764
Total	\$ 154,448,206	\$ 154,797,819

The District’s general obligation bond rating continues to be “AAA”. The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the district’s boundaries. The District’s outstanding general obligation debt of \$62,115,000 is below the statutorily-imposed limit.

Other liabilities include compensated absences payable, capital leases, and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

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

- Provided childcare for families who needed support while at work during distance learning.
- Purchased new online resources (Social Studies Weekly, Carnegie Math, and Twig Science).
- Created three distance learning academies to support the needs of families who were not ready to return to in-person instruction.
- Provided additional wireless hotspots and Chromebooks for students in distance learning.
- Safely returned to full-time instruction in spring of 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula will have a 5.07% COLA.
2. Federal income with zero percent Cost of Living Adjustment (COLA).
3. State programs will have a 1.70% COLA.
4. Special Education will have a 1.70% COLA.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades TK – 3 rd	26:1	3,199
Grades 4 th – 6 th	30:1	2,618

New items specifically addressed in the budget are:

1. Projected decrease in enrollment of 103 students.
2. Continued costs for improvement and maintenance of existing schools.
3. Local Control Accountability Plan impact on the budget, such as continued professional development and increasing intervention for low performing students.
4. Continued investment in educational technology.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Business at Newhall School District, 25375 Orchard Village Road, Suite 200, Valencia, California 91355, or e-mail at sstaszewski@newhallsd.com.

Newhall School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 29,444,770
Receivables	12,672,679
Prepaid expense	107,640
Other current assets	235,312
Capital assets not depreciated	26,437,149
Capital assets, net of accumulated depreciation	107,528,516
Total assets	176,426,066
Deferred Outflows of Resources	
Deferred charge on refunding	689,616
Deferred outflows of resources related to OPEB	1,803,690
Deferred outflows of resources related to pensions	15,993,713
Total deferred outflows of resources	18,487,019
Liabilities	
Accounts payable	6,586,727
Interest payable	1,035,438
Unearned revenue	1,070,994
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,134,416
Long-term liabilities other than OPEB and pensions due in more than one year	66,315,140
Net other postemployment benefits liability (OPEB)	13,925,620
Aggregate net pension liability	72,073,030
Total liabilities	163,141,365
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	6,598,049
Net Position	
Net investment in capital assets	\$ 66,770,512
Restricted for	
Debt service	1,250,442
Capital projects	1,609,024
Educational programs	4,197,210
Other restrictions	33,729
Unrestricted	(48,687,246)
Total net position	\$ 25,173,671

Newhall School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 50,449,569	\$ 545,881	\$ 13,045,079	\$ 3,681,304	\$ (33,177,305)
Instruction-related activities					
Supervision of instruction	2,664,228	-	512,442	-	(2,151,786)
Instructional library, media, and technology	412,646	-	5,935	-	(406,711)
School site administration	4,981,029	7,471	519,759	-	(4,453,799)
Pupil services					
Home-to-school transportation	1,567,445	-	434,721	-	(1,132,724)
All other pupil services	3,106,642	3,830	630,923	-	(2,471,889)
Administration					
Data processing	1,473,341	-	54,270	-	(1,419,071)
All other administration	3,927,461	210,836	578,998	-	(3,137,627)
Plant services	7,037,363	-	250,841	-	(6,786,522)
Ancillary services	169,540	202,488	36,645	-	69,593
Community services	1,283,493	-	1,286,752	-	3,259
Interest on long-term liabilities	2,424,984	-	-	-	(2,424,984)
Other outgo	1,030,502	-	358,508	-	(671,994)
Total governmental activities	\$ 80,528,243	\$ 970,506	\$ 17,714,873	\$ 3,681,304	(58,161,560)
General Revenues and Subventions					
Property taxes, levied for general purposes					21,329,476
Property taxes, levied for debt service					4,498,820
Taxes levied for other specific purposes					144,658
Federal and State aid not restricted to specific purposes					34,526,688
Interest and investment earnings					(18,352)
Miscellaneous					1,169,246
Total general revenues					61,650,536
Change in Net Position					3,488,976
Net Position - Beginning					21,684,695
Net Position - Ending					\$ 25,173,671

Newhall School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 13,326,488	\$ -	\$ 11,750,469	\$ 4,367,813	\$ 29,444,770
Receivables	12,645,604	-	23,232	3,843	12,672,679
Due from other funds	-	-	4,000,000	-	4,000,000
Prepaid expenditures	107,640	-	-	-	107,640
Other current assets	235,312	-	-	-	235,312
Total assets	\$ 26,315,044	\$ -	\$ 15,773,701	\$ 4,371,656	\$ 46,460,401
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 6,434,627	\$ -	\$ 8,022	\$ 144,078	\$ 6,586,727
Due to other funds	4,000,000	-	-	-	4,000,000
Unearned revenue	1,022,843	-	-	48,151	1,070,994
Total liabilities	11,457,470	-	8,022	192,229	11,657,721
Fund Balances					
Nonspendable	112,640	-	-	-	112,640
Restricted	4,197,210	-	-	3,928,633	8,125,843
Committed	-	-	-	250,794	250,794
Assigned	3,300,911	-	15,765,679	-	19,066,590
Unassigned	7,246,813	-	-	-	7,246,813
Total fund balances	14,857,574	-	15,765,679	4,179,427	34,802,680
Total liabilities and fund balances	\$ 26,315,044	\$ -	\$ 15,773,701	\$ 4,371,656	\$ 46,460,401

Total Fund Balance - Governmental Funds		\$ 34,802,680
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 193,866,260	
Accumulated depreciation is	<u>(59,900,595)</u>	
Net capital assets		133,965,665
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(1,035,438)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	689,616	
Other postemployment benefits (OPEB)	1,803,690	
Net pension liability	<u>15,993,713</u>	
Total deferred outflows of resources		18,487,019
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net pension liability		(6,598,049)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(72,073,030)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(13,925,620)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(62,115,000)	
Premium on issuance	(5,252,418)	
Capital leases	(517,351)	
Compensated absences	<u>(564,787)</u>	
Total long-term liabilities		<u>(68,449,556)</u>
Total net position - governmental activities		<u>\$ 25,173,671</u>

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 54,386,053	\$ -	\$ -	\$ -	\$ 54,386,053
Federal sources	6,116,787	-	-	35,280	6,152,067
Other State sources	7,962,772	-	-	4,490,368	12,453,140
Other local sources	4,682,280	186	122,586	5,473,008	10,278,060
Total revenues	<u>73,147,892</u>	<u>186</u>	<u>122,586</u>	<u>9,998,656</u>	<u>83,269,320</u>
Expenditures					
Current					
Instruction	43,421,836	-	-	559,999	43,981,835
Instruction-related activities					
Supervision of instruction	2,477,732	-	-	975	2,478,707
Instructional library, media, and technology	382,037	-	-	-	382,037
School site administration	4,191,763	-	-	233,292	4,425,055
Pupil services					
Home-to-school transportation	1,559,351	-	-	-	1,559,351
All other pupil services	2,862,447	-	-	-	2,862,447
Administration					
Data processing	1,298,656	-	-	-	1,298,656
All other administration	3,433,685	-	-	88,752	3,522,437
Plant services	6,363,471	3,361	119,790	-	6,486,622
Ancillary services	158,850	-	-	-	158,850
Community services	1,283,493	-	-	-	1,283,493
Other outgo	1,030,502	-	-	-	1,030,502
Facility acquisition and construction	452,999	-	97,803	263,331	814,133
Debt service					
Principal	92,904	-	-	1,890,000	1,982,904
Interest and other	16,727	-	-	2,684,475	2,701,202
Total expenditures	<u>69,026,453</u>	<u>3,361</u>	<u>217,593</u>	<u>5,720,824</u>	<u>74,968,231</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,121,439</u>	<u>(3,175)</u>	<u>(95,007)</u>	<u>4,277,832</u>	<u>8,301,089</u>

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ 3,681,304	\$ 50,771	\$ 3,732,075
Transfers out	(50,771)	-	-	(3,681,304)	(3,732,075)
Net Financing Sources (Uses)	(50,771)	-	3,681,304	(3,630,533)	-
Net Change in Fund Balances	4,070,668	(3,175)	3,586,297	647,299	8,301,089
Fund Balance - Beginning	10,786,906	3,175	12,179,382	3,532,128	26,501,591
Fund Balance - Ending	\$ 14,857,574	\$ -	\$ 15,765,679	\$ 4,179,427	\$ 34,802,680

Newhall School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 8,301,089

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

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

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

Depreciation expense	\$ (3,681,138)
Capital outlays	<u>633,882</u>

Net expense adjustment	(3,047,256)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (89,878)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (3,275,831)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (658,270)

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

Premium amortization	291,801
Deferred charge on refunding amortization	(38,312)

Newhall School District

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

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

General obligation bonds	\$ 1,890,000
Capital leases	92,904

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

22,729

Change in net position of governmental activities

\$ 3,488,976

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Newhall School District (the District) was organized in 1879, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 6 as mandated by the State and/or Federal agencies. The District operates ten elementary schools and a child development program.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Newhall School District, this includes general operations and student related activities of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$852,256.

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

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

Non-Major Governmental Funds

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (*Education Code* Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition ks55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

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

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

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

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

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds when consumed rather than when purchased.

Capital Assets and Depreciation

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 20 to 65 years; equipment, 2 to 30 years.

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

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

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than six percent of General Fund expenditures and other financing uses, plus an amount equivalent to restoring any teachers needed if projected decline in student enrollment does not materialize.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$7,090,405 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	<u>\$ 29,444,770</u>
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Deposits and investments as of June 30, 2021, consist of the following:

Cash in revolving	\$ 5,000
Investments	<u>29,439,770</u>
Total deposits and investments	<u>\$ 29,444,770</u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool. The District maintains an investment of \$29,439,770 with the Los Angeles County Treasury Investment Pool that has a weighted average maturity of 1,045 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District’s bank balance was fully insured.

Note 3 - Receivables

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 2,046,113	\$ -	\$ -	\$ 2,046,113
State Government				
LCFF apportionment	8,553,594	-	-	8,553,594
Categorical aid	1,493,350	-	-	1,493,350
Lottery	469,031	-	-	469,031
Local Government				
Interest	66,361	23,232	3,843	93,436
Other local sources	17,155	-	-	17,155
Total	\$ 12,645,604	\$ 23,232	\$ 3,843	\$ 12,672,679

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 26,437,149	\$ -	\$ -	\$ 26,437,149
Construction in progress	95,959	62,166	(158,125)	-
Total capital assets not being depreciated	26,533,108	62,166	(158,125)	26,437,149
Capital assets being depreciated				
Land improvements	8,785,726	30,722	-	8,816,448
Buildings and improvements	151,342,593	418,375	-	151,760,968
Furniture and equipment	6,579,435	280,744	(8,484)	6,851,695
Total capital assets being depreciated	166,707,754	729,841	(8,484)	167,429,111
Total capital assets	193,240,862	792,007	(166,609)	193,866,260
Accumulated depreciation				
Land improvements	(4,054,705)	(222,747)	-	(4,277,452)
Buildings and improvements	(46,880,594)	(3,209,263)	-	(50,089,857)
Furniture and equipment	(5,292,642)	(249,128)	8,484	(5,533,286)
Total accumulated depreciation	(56,227,941)	(3,681,138)	8,484	(59,900,595)
Governmental activities capital assets, net	\$ 137,012,921	\$ (2,889,131)	\$ (158,125)	\$ 133,965,665

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,105,598
School site administration	183,205
Home-to-school transportation	8,094
Data processing	104,958
All other administration	207,028
Plant services	<u>72,255</u>
Total depreciation expenses governmental activities	<u><u>\$ 3,681,138</u></u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

The balance of \$4,000,000 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for temporary interfund cash borrowing for cash flow purposes.

Operating Transfers

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

The County School Facilities Non-Major Governmental Fund transferred to Special Reserve Fund for Capital Outlay Projects for reimbursement of construction costs.	\$ 3,681,304
The General Fund transferred to the Child Development Non-Major Governmental Fund to cover special education costs.	<u>50,771</u>
Total	<u><u>\$ 3,732,075</u></u>

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 6 - Accounts Payable

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	\$ 3,055,121	\$ 8,022	\$ 66,948	\$ 3,130,091
LCFF apportionment	636,260	-	-	636,260
Salaries and benefits	2,743,246	-	77,130	2,820,376
Total	\$ 6,434,627	\$ 8,022	\$ 144,078	\$ 6,586,727

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 320,519	\$ -	\$ 320,519
State categorical aid	699,669	45,951	745,620
Other local	2,655	2,200	4,855
Total	\$ 1,022,843	\$ 48,151	\$ 1,070,994

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

Summary

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 64,005,000	\$ -	\$ (1,890,000)	\$ 62,115,000	\$ 2,040,000
Premiums on issuance	5,544,219	-	(291,801)	5,252,418	-
Capital leases	610,255	-	(92,904)	517,351	94,416
Compensated absences	474,909	89,878	-	564,787	-
Total	\$ 70,634,383	\$ 89,878	\$ (2,274,705)	\$ 68,449,556	\$ 2,134,416

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the capital leases are made by the General Fund. Payments for the compensated absences payable are typically liquidated in the fund for which the employee worked which includes the General Fund and Child Development Fund. Additions and deductions for compensated absences are reported net to its cumulative change in the current year.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Bonds Redeemed	Bonds Outstanding June 30, 2021
05/01/04	05/01/25	1.00% - 5.00%	\$ 18,310,000	\$ 5,915,000	\$ (1,065,000)	\$ 4,850,000
06/29/17	08/01/38	2.00% - 5.00%	60,000,000	58,090,000	(825,000)	57,265,000
				\$ 64,005,000	\$ (1,890,000)	\$ 62,115,000

Debt Service Requirements to Maturity

The bonds mature through 2039 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2022	\$ 2,040,000	\$ 2,627,075	\$ 4,667,075
2023	2,270,000	2,532,250	4,802,250
2024	2,540,000	2,427,050	4,967,050
2025	2,790,000	2,343,450	5,133,450
2026	1,715,000	2,141,875	3,856,875
2027-2031	12,360,000	9,084,000	21,444,000
2032-2036	20,890,000	5,456,800	26,346,800
2037-2039	17,510,000	18,488,900	35,998,900
Total	<u>\$ 62,115,000</u>	<u>\$ 45,101,400</u>	<u>\$ 107,216,400</u>

Capital Leases

The District has entered into various capital lease arrangements for energy management equipment. Such agreements, in substance, a purchase (capital lease) and is reported as a capital lease liability. The District's liability on the lease agreements are summarized below.

	<u>Energy Management Equipment</u>
Balance, July 1, 2020	\$ 669,342
Payments	<u>(109,631)</u>
Balance, June 30, 2021	<u>\$ 559,711</u>

Leased equipment under capital leases in capital assets at June 30, 2021, include the following:

Equipment	2,318,243
Less accumulated depreciation	<u>(498,263)</u>
Total	<u>\$ 1,819,980</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 108,492
2023	109,212
2024	111,485
2025	115,068
2026	87,017
2027	28,437
Total	559,711
Less amount representing interest	(42,360)
Present value of minimum lease payments	\$ 517,351

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$564,787.

Note 9 - Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
Retiree Health Plan	\$ 13,514,958	\$ 1,803,690	\$ 631,689
Medicare Premium Payment (MPP) Program	410,662	-	26,581
Total	\$ 13,925,620	\$ 1,803,690	\$ 658,270

The details of each plan are as follows:

District Plan

Plan Administration

The District’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	46
Active employees	527
	573
Total	573

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Newhall Teacher Association (NTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, NTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2021, the District paid \$539,034 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of \$13,514,958 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	1.92 percent
Healthcare cost trend rates	5.00 percent for 2021

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

Mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated employees and CalPERS Experience Study (1997-2015) for classified employees . Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	<u>\$ 12,589,591</u>
Service cost	545,657
Interest	315,250
Changes of assumptions	603,494
Benefit payments	<u>(539,034)</u>
Net change in total OPEB liability	<u>925,367</u>
Balance, June 30, 2021	<u><u>\$ 13,514,958</u></u>

No changes to benefit terms noted from the previous valuation.

Change of assumptions reflects a change in the discount rate from 2.45% in 2020 to 1.92% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (0.92%)	\$ 14,741,229
Current discount rate (1.92%)	13,514,958
1% increase (2.92%)	12,402,125

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.00%)	\$ 12,036,726
Current healthcare cost trend rate (5.00%)	13,514,958
1% increase (6.00%)	15,232,141

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$631,689. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 541,083
Changes of assumptions	1,262,607
Total	\$ 1,803,690

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 309,816
2023	309,816
2024	309,816
2025	309,816
2026	309,816
Thereafter	254,610
Total	\$ 1,803,690

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$410,662 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.0969% and 0.1031%, respectively, resulting in a net decrease in the proportionate share of 0.0062%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$26,581.

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 454,101
Current discount rate (2.21%)	410,662
1% increase (3.21%)	373,698

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 372,361
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	410,662
1% increase (5.50% Part A and 6.40% Part B)	454,753

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 5,000	\$ -	\$ -	\$ 5,000
Prepaid expenditures	107,640	-	-	107,640
Total nonspendable	<u>112,640</u>	<u>-</u>	<u>-</u>	<u>112,640</u>
Restricted				
Legally restricted programs	4,197,210	-	33,729	4,230,939
Capital projects	-	-	1,609,024	1,609,024
Debt services	-	-	2,285,880	2,285,880
Total restricted	<u>4,197,210</u>	<u>-</u>	<u>3,928,633</u>	<u>8,125,843</u>
Committed				
Deferred maintenance program	-	-	250,794	250,794
Assigned				
Supplemental carryover	2,209,520	-	-	2,209,520
OPEB liability	852,256	-	-	852,256
Site carryover	239,135	-	-	239,135
Capital projects	-	15,765,679	-	15,765,679
Total assigned	<u>3,300,911</u>	<u>15,765,679</u>	<u>-</u>	<u>19,066,590</u>
Unassigned				
Reserve for economic uncertainties	4,144,634	-	-	4,144,634
Remaining unassigned	3,102,179	-	-	3,102,179
Total unassigned	<u>7,246,813</u>	<u>-</u>	<u>-</u>	<u>7,246,813</u>
Total	<u>\$ 14,857,574</u>	<u>\$ 15,765,679</u>	<u>\$ 4,179,427</u>	<u>\$ 34,802,680</u>

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of \$300 million, subject to various policy sublimits, generally ranging from \$1 million to \$50 million and deductibles ranging from \$25,000 to \$300,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence and \$2 million aggregate, with excess liability coverage over \$25 million, all subject to various deductibles up to \$20,000 per occurrence and per employee policy limit, subject to a deductible of \$100,000 per occurrence per claim, up to a maximum of \$1.5 million. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

Description

The District’s risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in various public entity risk pools (JPAs) for the workers’ compensation programs and purchases liability coverage through the JPAs. Refer to Note 14 for additional information regarding the JPAs. Excess property and liability coverage is obtained through Schools Excess Liability Fund (SELF).

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 53,894,084	\$ 12,956,456	\$ 5,182,307	\$ 6,636,995
CalPERS	18,178,946	3,037,257	1,415,742	3,125,831
Total	<u>\$ 72,073,030</u>	<u>\$ 15,993,713</u>	<u>\$ 6,598,049</u>	<u>\$ 9,762,826</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$4,796,448.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 53,894,084
State's proportionate share of the net pension liability	27,782,407
Total	\$ 81,676,491

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.0556% and 0.0583%, respectively, resulting in a net decrease in the proportionate share of 0.0027%.

For the year ended June 30, 2021, the District recognized pension expense of \$6,636,995. In addition, the District recognized pension expense and revenue of \$3,892,043 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,796,448	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,529,261	3,662,401
Differences between projected and actual earnings on pension plan investments	1,280,213	-
Differences between expected and actual experience in the measurement of the total pension liability	95,098	1,519,906
Changes of assumptions	5,255,436	-
Total	\$ 12,956,456	\$ 5,182,307

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (781,178)
2023	436,192
2024	870,253
2025	754,946
Total	\$ 1,280,213

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 777,423
2023	786,166
2024	959,328
2025	(250,202)
2026	(217,735)
Thereafter	(357,492)
Total	\$ 1,697,488

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 81,426,454
Current discount rate (7.10%)	53,894,084
1% increase (8.10%)	31,162,236

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

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. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$1,690,547.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$18,178,946. The net pension liability was measured as of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.0592% and 0.0636%, respectively, resulting in a net decrease in the proportionate share of 0.0044%.

For the year ended June 30, 2021, the District recognized pension expense of \$3,125,831. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,690,547	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	-	1,415,742
Differences between projected and actual earnings on pension plan investments	378,428	-
Differences between expected and actual experience in the measurement of the total pension liability	901,619	-
Changes of assumptions	66,663	-
	<u>\$ 3,037,257</u>	<u>\$ 1,415,742</u>
Total	<u>\$ 3,037,257</u>	<u>\$ 1,415,742</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (141,615)
2023	126,316
2024	219,557
2025	174,170
Total	\$ 378,428

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 87,642
2023	(179,805)
2024	(321,567)
2025	(33,730)
Total	\$ (447,460)

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 26,135,550
Current discount rate (7.15%)	18,178,946
1% increase (8.15%)	11,575,364

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,144,144 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

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

Note 14 - Participation in Public Entity Risk Pool and Food Service Consortium

The District is a member of the Association of Schools Cooperative Insurance Program (ASCIP), and the Santa Clarita Valley School Food Services Agency (SCVSFSA). The District pays an annual premium to ASCIP for its workers' compensation and property liability coverage. Payments for food services are paid to the SCVSFSA. The relationships between the District and the entities are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of \$769,564 and \$501,127 to ASCIP for workers' compensation and property liability coverage, respectively. The District did not receive reimbursements from SCVSFSA for costs related to food services in the current fiscal year.



Required Supplementary Information
June 30, 2021

Newhall School District

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

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative)
				Final to Actual
Revenues				
Local Control Funding Formula	\$ 50,083,143	\$ 54,402,311	\$ 54,386,053	\$ (16,258)
Federal sources	2,557,155	6,747,031	6,116,787	(630,244)
Other State sources	4,603,236	9,768,966	7,962,772	(1,806,194)
Other local sources	4,515,637	4,209,837	4,682,280	472,443
Total revenues ¹	<u>61,759,171</u>	<u>75,128,145</u>	<u>73,147,892</u>	<u>(1,980,253)</u>
Expenditures				
Current				
Certificated salaries	29,820,148	29,576,112	29,706,061	(129,949)
Classified salaries	10,053,831	9,642,390	9,786,375	(143,985)
Employee benefits	14,661,277	15,849,225	14,975,024	874,201
Books and supplies	2,325,267	5,173,293	3,365,547	1,807,746
Services and operating expenditures	8,325,436	10,644,285	9,494,050	1,150,235
Other outgo	1,488,578	1,109,398	980,667	128,731
Capital outlay	135,000	740,374	609,098	131,276
Debt service				
Debt service - principal	92,904	92,904	92,904	-
Debt service - interest and other	16,727	16,727	16,727	-
Total expenditures ¹	<u>66,919,168</u>	<u>72,844,708</u>	<u>69,026,453</u>	<u>3,818,255</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,159,997)</u>	<u>2,283,437</u>	<u>4,121,439</u>	<u>1,838,002</u>
Other Financing Uses				
Transfers out	<u>(25,500)</u>	<u>(21,630)</u>	<u>(50,771)</u>	<u>(29,141)</u>
Net Change in Fund Balances	(5,185,497)	2,261,807	4,070,668	1,808,861
Fund Balance - Beginning	<u>10,786,906</u>	<u>10,786,906</u>	<u>10,786,906</u>	-
Fund Balance - Ending	<u>\$ 5,601,409</u>	<u>\$ 13,048,713</u>	<u>\$ 14,857,574</u>	<u>\$ 1,808,861</u>

¹ Due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Newhall School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 545,657	\$ 480,287	\$ 455,231	\$ 439,327
Interest	315,250	349,036	358,185	348,326
Difference between expected and actual experience	-	730,937	-	-
Changes of assumptions	603,494	604,144	464,424	-
Benefit payments	<u>(539,034)</u>	<u>(487,915)</u>	<u>(514,109)</u>	<u>(516,504)</u>
Net change in total OPEB liability	925,367	1,676,489	763,731	271,149
Total OPEB Liability - Beginning	<u>12,589,591</u>	<u>10,913,102</u>	<u>10,149,371</u>	<u>9,878,222</u>
Total OPEB Liability - Ending	<u>\$ 13,514,958</u>	<u>\$ 12,589,591</u>	<u>\$ 10,913,102</u>	<u>\$ 10,149,371</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

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

Year ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	<u>0.0969%</u>	<u>0.1031%</u>	<u>0.1013%</u>	<u>0.1025%</u>
Proportionate share of the net OPEB liability	<u>\$ 410,662</u>	<u>\$ 384,081</u>	<u>\$ 387,579</u>	<u>\$ 431,355</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.71%</u>	<u>-0.81%</u>	<u>-0.40%</u>	<u>0.01%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

	2021	2020	2019	2018	2017
CalSTRS					
Proportion of the net pension liability	0.0556%	0.0583%	0.0564%	0.0566%	0.0604%
Proportionate share of the net pension liability	\$ 53,894,084	\$ 52,656,278	\$ 51,848,110	\$ 52,374,594	\$ 48,846,653
State's proportionate share of the net pension liability	27,782,407	28,727,515	29,685,468	30,984,367	27,807,528
Total	\$ 81,676,491	\$ 81,383,793	\$ 81,533,578	\$ 83,358,961	\$ 76,654,181
Covered payroll	\$ 30,304,889	\$ 34,117,334	\$ 33,879,833	\$ 35,321,379	\$ 40,065,097
Proportionate share of the net pension liability as a percentage of its covered payroll	177.84%	154.34%	153.04%	148.28%	121.92%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
CalPERS					
Proportion of the net pension liability	0.0592%	0.0636%	0.0651%	0.0666%	0.0679%
Proportionate share of the net pension liability	\$ 18,178,946	\$ 18,533,486	\$ 17,348,236	\$ 15,903,115	\$ 13,413,614
Covered payroll	\$ 8,586,395	\$ 9,591,286	\$ 8,579,988	\$ 8,284,382	\$ 7,629,180
Proportionate share of the net pension liability as a percentage of its covered payroll	211.72%	193.23%	202.19%	191.97%	175.82%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016

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

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

	<u>2016</u>	<u>2015</u>
CaSTRS		
Proportion of the net pension liability	<u>0.0611%</u>	<u>0.0602%</u>
Proportionate share of the net pension liability	\$ 41,153,177	\$ 35,176,404
State's proportionate share of the net pension liability	<u>21,765,494</u>	<u>21,241,031</u>
Total	<u>\$ 62,918,671</u>	<u>\$ 56,417,435</u>
Covered payroll	<u>\$ 26,412,565</u>	<u>28,429,527</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>155.81%</u>	<u>123.73%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2015	June 30, 2014
CaPERS		
Proportion of the net pension liability	<u>0.0642%</u>	<u>0.0641%</u>
Proportionate share of the net pension liability	\$ 9,460,034	\$ 7,273,726
Covered payroll	<u>\$ 7,042,184</u>	<u>7,244,057</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>134.33%</u>	<u>100.41%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2015	June 30, 2014

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

Newhall School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CalSTRS					
Contractually required contribution	\$ 4,796,448	\$ 5,182,136	\$ 5,554,302	\$ 4,262,083	\$ 3,789,984
Less contributions in relation to the contractually required contribution	<u>4,796,448</u>	<u>5,182,136</u>	<u>5,554,302</u>	<u>4,262,083</u>	<u>3,789,984</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 29,699,368</u>	<u>\$ 30,304,889</u>	<u>\$ 34,117,334</u>	<u>\$ 29,536,265</u>	<u>\$ 30,127,059</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>
CalPERS					
Contractually required contribution	\$ 1,690,547	\$ 1,693,323	\$ 1,732,378	\$ 1,332,558	\$ 1,150,535
Less contributions in relation to the contractually required contribution	<u>1,690,547</u>	<u>1,693,323</u>	<u>1,732,378</u>	<u>1,332,558</u>	<u>1,150,535</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 8,166,894</u>	<u>\$ 8,586,395</u>	<u>\$ 9,591,286</u>	<u>\$ 8,579,988</u>	<u>\$ 8,284,382</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>

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

Newhall School District
Schedule of the District Contributions
Year Ended June 30, 2021

	2016	2015
CaSTRS		
Contractually required contribution	\$ 3,557,781	\$ 2,345,436
Less contributions in relation to the contractually required contribution	3,557,781	2,345,436
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 33,157,325	\$ 26,412,568
Contributions as a percentage of covered payroll	10.73%	8.88%
CaIPERS		
Contractually required contribution	\$ 903,829	\$ 828,865
Less contributions in relation to the contractually required contribution	903,829	828,865
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 7,629,180	\$ 7,041,585
Contributions as a percentage of covered payroll	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- Changes in Benefit Terms – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate assumption was changed from 2.45% to 1.92% since the previous valuation.

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

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

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

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

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

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

Schedule of District Contributions

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



Supplementary Information
June 30, 2021

Newhall School District

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Santa Clarita Valley Special Education Local Plan Area			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 963,011
Special Education Grants to States - Private Schools ISPs	84.027	10115	1,218
Special Education Preschool Grants	84.173	13430	51,207
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	<u>531</u>
Total Special Education Cluster			<u>1,015,967</u>
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency			
Relief (ESSER) Fund	84.425D	15536	708,406
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	<u>336,901</u>
			<u>1,045,307</u>
Title I Grants to Local Educational Agencies	84.010	14329	684,020
Supporting Effective Instruction State Grants	84.367	14341	87,979
English Language Acquisition State Grants - English Learner			
Student Program	84.365	14346	130,647
Student Support and Academic Enrichment Program	84.424	15396	<u>146,285</u>
Total U.S. Department of Education			<u>3,110,205</u>
U.S. Department of Treasury			
Passed Through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund	21.019	25516	<u>3,000,319</u>
U.S. Department of Agriculture			
Passed Through Los Angeles County Office of Education (LACOE)			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	<u>6,263</u>
Total Federal Financial Assistance			<u>\$ 6,116,787</u>

ORGANIZATION

The Newhall School District was organized in 1879, and consists of an area comprising approximately 63 square miles. The District operates ten elementary schools and two fee based childcare centers. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Brian Walters	President	2022
Mrs. Donna Rose	Clerk	2022
Mr. Isaiah Talley	Member	2024
Mr. Ernesto Smith	Member	2022
Mrs. Suzan T. Solomon	Member	2024

ADMINISTRATION

NAME	TITLE
Mr. Jeff Pelzel	Superintendent
Ms. Sheri Staszewaki	Assistant Superintendent, Business Services
Ms. Amanda Montemayor	Assistant Superintendent, Human Resources
Mrs. Dee Jamison	Assistant Superintendent, Instructional Services

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

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

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

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

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 81,476,957	\$ 73,148,030	\$ 71,105,957	\$ 71,688,668
Expenditures	76,893,875	67,995,951	67,663,424	73,619,436
Other uses and transfers out	10,784	1,081,273	1,386,606	512,616
Total expenditures and other uses	76,904,659	69,077,224	69,050,030	74,132,052
Increase/(Decrease) in Fund Balance	4,572,298	4,070,806	2,055,927	(2,443,384)
Ending Fund Balance	\$ 18,577,616	\$ 14,005,318	\$ 9,934,512	\$ 7,878,585
Available Reserves ²	\$ 7,982,532	\$ 7,246,813	\$ 3,318,579	\$ 5,768,088
Available Reserves as a Percentage of Total Outgo	10.38%	10.49%	4.81%	7.78%
Long-Term Liabilities	N/A	\$ 154,448,206	\$ 154,797,819	\$ 153,336,648
K-12 Average Daily Attendance at P-2	5,623	6,047	6,047	6,320

The General Fund balance has increased by \$6,126,733 over the past two years. The fiscal year 2021-2022 budget projects a further increase of \$4,572,298 (32.6%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$1,111,558 over the past two years.

Average daily attendance has decreased by 273 over the past two years. Additional decline of 424 ADA is anticipated during fiscal year 2021-2022.

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

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

³ General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other Postemployment Benefits as required by GASB Statement No. 54.

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

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 162,866	\$ 308,678	\$ 1,610,389	\$ -	\$ 2,285,880	\$ 4,367,813
Receivables	418	716	2,709	-	-	3,843
Total assets	<u>\$ 163,284</u>	<u>\$ 309,394</u>	<u>\$ 1,613,098</u>	<u>\$ -</u>	<u>\$ 2,285,880</u>	<u>\$ 4,371,656</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 81,404	\$ 58,600	\$ 4,074	\$ -	\$ -	\$ 144,078
Unearned revenue	48,151	-	-	-	-	48,151
Total liabilities	<u>129,555</u>	<u>58,600</u>	<u>4,074</u>	<u>-</u>	<u>-</u>	<u>192,229</u>
Fund Balances						
Restricted	33,729	-	1,609,024	-	2,285,880	3,928,633
Committed	-	250,794	-	-	-	250,794
Total fund balances	<u>33,729</u>	<u>250,794</u>	<u>1,609,024</u>	<u>-</u>	<u>2,285,880</u>	<u>4,179,427</u>
Total liabilities and fund balances	<u>\$ 163,284</u>	<u>\$ 309,394</u>	<u>\$ 1,613,098</u>	<u>\$ -</u>	<u>\$ 2,285,880</u>	<u>\$ 4,371,656</u>

Newhall School District

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

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	\$ 35,280	\$ -	\$ -	\$ -	\$ -	\$ 35,280
Other State sources	782,812	-	-	3,681,304	26,252	4,490,368
Other local sources	(2,087)	839	982,424	-	4,491,832	5,473,008
Total revenues	816,005	839	982,424	3,681,304	4,518,084	9,998,656
Expenditures						
Current						
Instruction	559,999	-	-	-	-	559,999
Instruction-related activities						
Supervision of instruction	975	-	-	-	-	975
School site administration	233,292	-	-	-	-	233,292
Administration						
All other administration	49,833	-	38,919	-	-	88,752
Facility acquisition and construction	-	263,331	-	-	-	263,331
Debt service						
Principal	-	-	-	-	1,890,000	1,890,000
Interest and other	-	-	-	-	2,684,475	2,684,475
Total expenditures	844,099	263,331	38,919	-	4,574,475	5,720,824
Excess (Deficiency) of Revenues Over Expenditures	(28,094)	(262,492)	943,505	3,681,304	(56,391)	4,277,832
Other Financing Sources (Uses)						
Transfers in	50,771	-	-	-	-	50,771
Transfers out	-	-	-	(3,681,304)	-	(3,681,304)
Net Financing Sources (Uses)	50,771	-	-	(3,681,304)	-	(3,630,533)
Net Change in Fund Balances	22,677	(262,492)	943,505	-	(56,391)	647,299
Fund Balance - Beginning	11,052	513,286	665,519	-	2,342,271	3,532,128
Fund Balance - Ending	\$ 33,729	\$ 250,794	\$ 1,609,024	\$ -	\$ 2,285,880	\$ 4,179,427

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of COVID-19 Child Care and Development Block Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Description		
Total Federal Revenues reported on the financial statements		\$ 6,152,067
COVID-19 Child Care and Development Block Grant	93.575	(35,280)
Total schedule of expenditures of federal awards		\$ 6,116,787

Local Education Agency Organization Structure

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

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2021

Newhall School District



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

To the Board of Directors
Newhall School District
Valencia, 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 Newhall 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 December 16, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 16, 2021



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

To the Board of Directors
Newhall School District
Valencia, California

Report on Compliance for Each Major Federal Program

We have audited Newhall School District's (the District) compliance with the types of compliance requirements described in the *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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

Rancho Cucamonga, California
December 16, 2021



Independent Auditor's Report on State Compliance

To the Board of Directors
Newhall School District
Valencia, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

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

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

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

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

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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

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

Unmodified Opinion

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

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

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

Rancho Cucamonga, California
December 16, 2021



Schedule of Findings and Questioned Costs
June 30, 2021

Newhall School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Education Stabilization Fund	84.425C, 84.425D
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.