Financial Statements
June 30, 2021

Fremont Union High School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements
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 Fremont Union High School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions, 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 Fremont Union High School District's financial statements. The combining non-major 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 November 30, 2021, on our consideration of Fremont Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fremont Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont Union High School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
November 30, 2021

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

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the Fremont Union High School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. 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 regards to interfund activity, payables, and receivables.

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

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

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

The financial statements also include notes that explain some of the information in the statements and provide detailed data. The statements are followed by a section of required supplementary budget information that further explains and supports the financial statements.

The Primary unit of the government is the Fremont Union High School District.

589 W. Fremont Avenue, PO Box F, Sunnyvale, CA 94087 | **TEL** (408) 522-2200 | **FAX** (408) 245-5325 | **WEB** www.fuhsd.org

Financial Highlights of the Past Year

Gross domestic product (GDP), the broadest measure of U.S. goods and services produced, grew at 6.5% annual rate in the second quarter, just slightly higher than the 6.3% growth rate in the first three months of the year. Progress on vaccinations which led to a reopening of the economy, robust consumer spending and accommodative monetary and fiscal policy were all critical factors fueling the economy's expansion. Personal consumption which exceeded forecasts posted an annualized 11.8% gain in the second quarter, the second largest gain since 1952. Despite solid recovery progress, effects of the COVID-19 pandemic continue to weigh on the U.S. economy. Employment levels remains well below pre-pandemic levels. The unemployment rate stood at 5.9% as of June 30th, well above the 3.5% reached in February 2020, just prior to the pandemic. Furthermore, the level of employment as measured by the Labor Department's household survey is still 6.76 million jobs short of what it was before the onset of the virus.

In October 2021, Santa Clara County home prices were up 10.2% compared to October 2020, selling for a median price of $1.4M. On average, homes in Santa Clara County sell after 11 days on the market compared to 19 days last year. There were 1,650 homes sold in October this year, up from 1,535 last year. In October 2021, Cupertino home prices were up 8.7% compared to last year, selling for a median price of $2.4M. On average, homes in Cupertino sell after 12 days on the market compared to 10 days last year. There were 32 homes sold in October this year, down from 40 last year.

During COVID the District issued Chromebooks and hot spots to over 4,000 students to support the distance learning program. During the course of the year the District purchased over 2,000 additional Chromebooks to ensure that we had enough assets to distribute to students who were in need of a computer at home. As the 2020-21 school year came to an end, we felt confident that all staff and students were comfortable using our Learning Management System, Schoology, on a daily basis. We calculated that we had issued devices to approximately 40% of the students in the District and many students had access to laptops at home. In order to capitalize on this momentum, we decided to move forward with a 1 to 1 Program for 2021-2022 in which students would be required to either bring their own device to school or use a school issued Chromebook in class each day.

Overall, the District experienced a decrease in enrollment of 255, as projected. Monta Vista (-157), Cupertino (-80) and Homestead (-57) all saw large decreases, while Lynbrook remained flat. Fremont increased by 49 students, and was the only school that experienced an increase.

The Board Approved intra-district transfer program to increase enrollment at Lynbrook High School, continued to add students to Lynbrook and decrease students at Cupertino. The program has been in existence for four years and has transferred approximately 270 students to Lynbrook High School.

Projections for the district continue to show a decline in enrollment over the next 5 years, with large declines beginning next year. The annual declines are projected to be 350-550 students each year for at least four more years.

The District's residency verification program continued in 2020-2021 as the District remains committed to this effort. The program contains a full time investigator and two part time investigators along with a manager and clerical support positions.

The issuance of pandemic flexibilities by USDA allowed for schools nationwide to offer free brunch and lunch meals to all students regardless of eligibility for school year 2020-2021. As a result of meals being offered at no cost, our food services program saw an unprecedented increase in brunch and lunch meal participation. In order to meet the increased demand/participation, the food services department incurred additional costs in terms of more staff/labor, increased food cost and also more equipment.

The relationship between all of our bargaining groups continues to be collaborative and positive. This includes our Classified Union – CSEA, our Certificated Union – FEA, and a bargaining group AFT which represents our Adult and Community Education employees. 2020-2021 marked the sixth consecutive year that each bargaining group participating in the Revenue Sharing Process saw positive returns.

The District continues to rely upon the $5.2 million received annually from the parcel tax that was originally approved by the voters in November 2004. In May of 2010, District voters renewed the parcel tax for a period of six years. The Parcel Tax was again renewed on November 4, 2014 for an additional six years, commencing July 1, 2016. In accordance with the ballot language, the funds are used to preserve core academic classes and retain experienced teachers. The District has been careful to track the particular programs funded through parcel tax revenues. Exemptions are offered to senior citizens and disabled. In November 2020, the voters approved a renewal of the existing $98 parcel tax.

On November 4, 2014, voters also approved a Proposition 39 bond known as Measure K. In May 2019, the District issued the third and final series of bonds under the 2014 Measure K bond authorization. The par amount of the Series 2019A bonds was $53,085,000, the Series 2019B bonds (Green Bonds) was $30,000,000 and the Series 2019C (Federally Taxable) bonds was $11,915,000 for a total issuance of $95,000,000. The District has a long-standing commitment to sustainability and green design in its operations and facilities. The District was one of the first California school districts to issue green bonds.

In addition, on November 6, 2018, voters approved a new Proposition 39 bond known as Measure CC. Measure CC passed by a 63% to 37% margin. This measure approved the sale of an additional $275,000,000 in General Obligation Bonds to further the District's facilities and modernization plan. In May 2019, the District issued the first series of bonds under the 2018 Measure CC bond authorization. The par amount of the Series 2019A bonds was $47,195,000 and the Series 2019C (Federally Taxable) bonds was $7,805,000 for a total issuance of $55,000,000.

This year, in May 2021, the District issued the second series of bonds under the 2018 Measure CC bond authorization. The par amount of Series 2021A bonds was $80,000,000 and Series 2021B Green Bonds was $30,000,000 for a total issuance of $110,000,000. In conjunction with the new bond issuance, there was a refinancing of outstanding bonds with a par amount of $52,045,000. The refunded bonds consisted of a portion of the 2008 Series, 2013 bonds and the 2015 GO Refunding Bonds (not the 2014 Series 2015 bonds). The total par amount for the new bond issuance and refinancing is $162,045,000.

As required by the Education Code of the State and the 2008 Measure B, 2014 Measure K, and 2018 Measure CC bond authorizations, as well as the 2014 Measure J parcel tax, the District established the “Fremont Union High School District's Bond and Parcel Tax Citizens' Oversight Committee” to serve as the independent oversight committee. The committee’s role is to review the District's expenditure of bond and parcel tax proceeds and its progress in completing the projects specified in the bond measures, may act as a communications channel for disseminating bond program and parcel tax information, collecting community inputs or concerns, as well as making periodic reports to the public in order to ensure that funds are spent only for authorized purposes. The committee is comprised of community members representing various categories such as, a business organization within the District, a senior citizens organization, a taxpayers' organization, a parent or guardian of a child enrolled in the District, a parent or guardian of a child enrolled in the District who is also active in a parent-teacher organization, and the public at large. Members are appointed for a two-year term, may serve up to three two-year terms, are not compensated for their participation, and meet approximately four times per year.

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 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 it. Net position is the difference between assets and liabilities, and is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health 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 shown in the District's operating results. Since the Board's responsibility is to provide services to 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 education and the safety of our schools will be important components in this evaluation.

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of ninth through twelfth grade students, adult education 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. and California Departments 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 in results between the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for employee retiree benefits, and pensions. The District’s fiduciary activities are reported in the Statements of Fiduciary Net Position, and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as A Whole

Net Position

The District's net position was $125.92 million for the fiscal year ended June 30, 2021. Of this amount, $92.32 million deficit was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. The analysis below focuses on net position (Table 1) and the change in net position (Table 2) of the District's governmental activities.

Table 1

(Amounts in millions)

	2020	2021	Change
Current and Other Assets	$ 300.15	$ 367.81	$ 67.66
Capital Assets	552.20	626.92	74.72
Total assets	852.35	994.73	142.38
Deferred Outflow or Resources	68.37	59.74	(8.63)
Current Liabilities	26.46	28.17	1.71
Long-Term Liabilities	783.38	888.95	105.57
Total liabilities	809.84	917.12	107.28
Deferred Inflow or Resources	8.94	11.43	2.49
Net Position			
Net investment in capital assets	125.18	146.62	21.44
Restricted	54.20	71.63	17.43
Unrestricted - excluding pension activities	62.53	59.78	(2.75)
Unrestricted - related to pension activities	(139.97)	(152.11)	(12.14)
Total net position	$ 101.94	$ 125.92	$ 23.98

The $59.78 million and negative $152.11 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. It means that if the District had to pay off all of its bills today including all of its non-capital liabilities (compensated absences and pension liability as examples), there would be $125.92 million. The total unrestricted deficit amount of $152.11 million is the result of adaption of GASB statement No. 68, Accounting and Financial Reporting for Pension, by the District. Though listed as unrestricted for purposes of this report, the $59.78 million is committed or assigned to various programs of the District.

Changes in Net Position

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

Table 2

(Amounts in millions)

	2020 *	2021	Change
Revenues			
Program revenues			
Charges for services	$ 0.80	$ 1.45	$ 0.65
Operating grants and contributions	27.29	38.36	11.07
Federal and state sources	7.80	7.02	(0.78)
Property taxes	193.69	209.03	15.34
Other general revenue	10.83	-	(10.83)
Total revenues	240.41	255.86	15.45
Expenses			
Instruction	123.53	126.21	2.68
Instruction-related services	32.41	36.19	3.78
Pupil services	22.21	21.95	(0.26)
General administration	9.91	11.87	1.96
Plant services	16.47	15.01	(1.46)
Ancillary services	0.44	2.12	1.68
Community services	0.01	0.01	-
Interest on long-term debt	21.30	20.72	(0.58)
All other services	0.05	0.02	(0.03)
Total expenditures	226.33	234.10	7.77
Net Change In Net Position	$ 14.08	$ 21.76	$ 7.68

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

Governmental Activities

As reported in the Statement of Activities on page 17. The cost of all governmental activities this year was $234.10 million. However, the amount that the taxpayers ultimately financed for these activities through local taxes was $209.03 million because the cost was paid by those who benefited from the programs or by other governments and organizations who subsidized certain programs with grants and contributions ($38.36 million). The District paid for the remaining "public benefit" portion of our governmental activities with $8.47 million in state revenue limit sources, state funds and with 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, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)

	2020	2021	Change
Instruction			
Instruction-related services	$ 106.53	$ 108.19	$ 1.66
Supervision of instruction	7.43	5.62	(1.81)
Instructional library, media and technology	3.15	3.33	0.18
School administration	18.69	20.24	1.55
Pupil Services			
Home-to-school transportation	2.64	0.92	(1.72)
Food services	2.35	0.99	(1.36)
All other pupil services	13.88	15.08	1.20
General Administration			
Data processing	0.53	0.59	0.06
All other general administration	8.64	10.67	2.03
Plant Services	16.31	13.66	(2.65)
Ancillary Services	0.43	0.50	0.07
Community Services	0.01	-	(0)
Interest on Long-Term Debt	21.30	20.72	(0.58)
Other Outgo	(3.65)	(6.23)	(2.58)
Total net cost	$ 198.24	$ 194.28	$ (3.96)

Other General Administration activities include fiscal services, personnel services, and central support services. This category includes attendance recording and reporting activities performed at the District level. This category also includes all other costs of property or general liability insurance not charged to a specific function. In addition, the costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50% to Instructional Supervision and Administration (Function 2100).
- 50% to Other General Administration (Function 7200).

The District's Funds

As the District completed this year, governmental funds had a reported combined fund balance of $344.2 million, which is $61.7 million increase from last year.

The primary reasons for these changes are:

- The General Fund is the principal operating fund. The fund balance in the General Fund increased from 32.8 million to 46.10 million. This was primarily due to property taxes increasing by 6.79% and one time saving due to the pandemic such as saving in utilities cost, transportation cost and substitute teacher cost.

- The Building Fund showed an increase from 183.9 million to 225.41 million. This was primarily due to the net of the issuance for Measure CC of $110 million and the activities on the construction funded by Measure K and CC bonds.

- The Bond Interest and Redemption Fund increased from $33.4 million to $49.02 million. This was primarily due to an increase in funds set aside for future debt redemption associated with the new bond sale

General Fund Budgetary Highlights

The *Education Code* requires that all school districts adopt a budget by July 1, and then twice a year submit to their County Offices of Education interim financial reports. These first and second interim reports reflect the status of district finances as of October 31 and January 31. Year-end actuals are submitted by September 15.

Significant revenue and expenditure revisions to the 2020-2021 budgets were made. This is primarily due to property tax increases, salary increases and school site carryover from 2019-2020 at the time of budget adoption.

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 16, 2020. (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 73).

Significant revenue revisions made to the 2020-2021 budget were due to increase in property taxes and increase in a one-time State funding source due to the pandemic.

Significant salary and benefit expenditure revisions made to the 2020-2021 budget were due to the bargaining settlement reached during 2020-2021: 5.6273% increased for FEA, 4.9717% for CSEA, and 5.4538% for FMA (Fremont Management Association).

Significant expenditure revisions made to the 2020-2021 books, supplies and contracted services budget were due to carryovers of departments and school sites to be budgeted in 2020-2021 fiscal year, and savings in utilities and transportation cost due to the pandemic.

Significant expenditure revisions made to the 2020-2021 capital outlay budget were due to increase in cost of improving, upgrading, and repairing HVAC systems throughout the District to increase ventilation to reduce the risk of virus transmission and exposure to environmental health hazards to support staff and students.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the District had $626.93 million in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, depreciation and disposal) of $74.72 million from last year.

Table 4

(Amounts in millions)

	Governmental Activities		
	2020	2021	Change
Land	$ 1.96	$ 1.96	$ -
Construction in Progress	57.91	100.86	42.95
Buildings and Improvements	593.16	637.75	44.59
Furniture and Equipment	12.85	13.50	0.65
Total assets	665.88	754.07	88.19
Less accumulated depreciation	(113.67)	(127.14)	(13.47)
Totals	$ 552.21	$ 626.93	$ 74.72

This year's additions included school modernization of $87.54 million, and equipment of $0.65 million. In 2020-2021, a new $174.7 million bonded debt was issued for these additions. The District has a plan to modernize existing classrooms and replace the athletic fields with synthetic turf. Several capital projects are planned for completion in the 2021-2022 year. More information about our capital assets is presented in Note 5 to the financial statements. No debt was issued for these additions.

Long-Term Liabilities

At the end of this year, the District had $889.13 million in long-term liabilities outstanding versus $783.38 million last year, an increase of 13.50%.

Table 5

(Amounts in millions)

	Governmental Activities		
	2020	2021	Change
General Obligation Bonds and Premiums	$ 572.83	$ 676.39	$ 103.56
Compensated Absences	1.73	1.95	0.22
Sub-total	574.56	678.34	103.78
Net Pension Liabilities	176.21	190.68	14.47
Net Postemployment Benefit Liabilities	32.61	20.10	(12.51)
Totals	$ 783.38	$ 889.13	$ 105.74

The District's general obligation bond rating is Aaa (based on Moody's Investor Services) and AAA (based on Standard and Poor's). The State limits the amount of general obligation debt that the District can issue. The District's outstanding general obligation bond debt of $676.39 million is below this limit. Other liabilities include compensated absences payable. More detailed information is presented in Note 10 of the financial statements.

The District has an estimated liability of $20.10 million for OPEB (Other Post-Employment Benefits). During fiscal year 2006-2007 the District established an irrevocable trust with American United Life that is administered by MidAmerica to fund this liability. The trust had a restricted net position of $9.76 million at June 30, 2021. The formation of this irrevocable trust protects the funds set aside for retiree benefits and was an important element to the District being an early adopter of GASB 45, implementing the requirements three years ahead of schedule. More detailed information is presented in Note 15 of the financial statements.

GASB Statements No. 68 and No. 71 introduce requirements for accrual-basis recognition by state and local governments of employer costs and liabilities for pensions. Under the accounting standards, if the present value of benefits earned by all employees participating in the CalSTRS and CalPERS pension plan exceeds the resources accumulated by the pension plan to benefits, LEAs must now report in their government wide financial statements their proportionate share of the plan's net pension liability. At present, both CalSTRS and CalPERS have a net pension liability. The district implemented GASB Statement No. 68 and No. 71 for the fiscal year ended June 30, 2015. (See Note 14 to the accompanying financial statements).

Economic Factors and Next Year’s Budgets and Rates

The District's 2021-2022 Budget

District Administration is projecting that its financial position will improve for the 2021-2022 budget. The State enacted the Local Control Funding Formula (LCFF) to replace revenue limits and most categorical programs, commencing in 2013-2014. This is the most sweeping reform of the state's school finance system since the enactment of Senate Bill 90 in the early 1970's, the Legislature's response to the landmark Serrano court decision.

Based upon our most recent demographic report, District enrollment is expected to show a decline in the next five years. However, the continued escalating costs of housing and development in our District, long term projections are difficult to assess.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the office of Christine Mallery, Chief Business Officer/Associate Superintendent, at the Fremont Union High School District, 589 W. Fremont Avenue, Sunnyvale, California, (408) 522-2245.

	Governmental Activities
Assets	
Deposits and investments	$ 359,710,823
Receivables	7,307,027
Prepaid expense	760,579
Stores inventories	29,047
Capital assets not depreciated	102,817,283
Capital assets, net of accumulated depreciation	524,117,143
Total assets	994,741,902
Deferred Outflows of Resources	
Deferred charge on refunding	15,002,812
Deferred outflows of resources related to OPEB	153,011
Deferred outflows of resources related to pensions	44,587,847
Total deferred outflows of resources	59,743,670
Liabilities	
Accounts payable	17,848,476
Interest payable	8,426,349
Unearned revenue	1,731,698
Long-term liabilities	
Long-term liabilities other than OPEB and pensions	
Due within one year	38,327,535
Due in more than one year	640,010,525
Net other postemployment benefits liability (OPEB)	20,101,341
Aggregate net pension liabilities, due in more than one year	190,684,342
Total liabilities	917,130,266
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	5,419,230
Deferred inflows of resources related to pensions	6,008,761
Total deferred inflows of resources	11,427,991
Net Position	
Net investment in capital assets	146,616,372
Restricted for	
Debt service	37,488,497
Self insurance	3,874,903
Capital projects	7,813,078
Educational programs	19,668,653
Food programs	196,776
Student Activity	2,592,035
Unrestricted	(92,322,999)
Total net position	$ 125,927,315

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 126,218,185	$ 24,929	$ 18,006,203	$ (108,187,053)
Instruction-related activities				
Supervision of instruction	10,385,675	2,836	4,758,434	(5,624,405)
Instructional library, media, and technology	3,435,365	-	102,571	(3,332,794)
School site administration	22,375,060	93	2,134,282	(20,240,685)
Pupil services				
Home-to-school transportation	926,960	-	2,975	(923,985)
Food services	3,591,665	-	2,604,344	(987,321)
All other pupil services	17,427,874	125	2,352,612	(15,075,137)
Administration				
Data processing	591,193	-	1,855	(589,338)
All other administration	11,278,708	993	609,001	(10,668,714)
Plant services	15,007,619	1,004	1,348,167	(13,658,448)
Ancillary services	2,116,044	1,415,173	203,144	(497,727)
Community services	1,992	-	-	(1,992)
Interest on long-term liabilities	20,716,188	-	-	(20,716,188)
Other education agency	15,521	-	6,234,200	6,218,679
Total governmental activities	$ 234,088,049	$ 1,445,153	$ 38,357,788	(194,285,108)
General Revenues and Subventions				
Property taxes, levied for general purposes				158,407,623
Property taxes, levied for debt service				45,157,804
Taxes levied for other specific purposes				5,454,714
Federal and State aid not restricted to specific purposes				7,022,315
Total general revenues and transfers				216,042,456
Change in Net Position				21,757,348
Net Position - Beginning, as restated				104,169,967
Net Position - Ending				$ 125,927,315

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 53,573,836	$ 236,756,855	$ 48,979,142	$ 18,136,123	$ 357,445,956
Receivables	5,604,581	1,290,153	45,328	362,238	7,302,300
Due from other funds	305,240	4,317,850	-	5,722,886	10,345,976
Prepaid expenditures	47,736	-	-	6,203	53,939
Stores inventories	-	-	-	29,047	29,047
Total assets	$ 59,531,393	$ 242,364,858	$ 49,024,470	$ 24,256,497	$ 375,177,218
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 3,481,421	$ 14,261,374	$ -	$ 105,681	$ 17,848,476
Due to other funds	8,463,625	2,610,583	-	330,268	11,404,476
Unearned revenue	1,490,395	78,260	-	163,043	1,731,698
Total liabilities	13,435,441	16,950,217	-	598,992	30,984,650
Fund Balances					
Nonspendable	62,739	-	-	35,625	98,364
Restricted	19,517,891	177,793,295	49,024,470	10,717,026	257,052,682
Committed	12,535,134	-	-	12,904,854	25,439,988
Assigned	6,997,687	47,621,346	-	-	54,619,033
Unassigned	6,982,501	-	-	-	6,982,501
Total fund balances	46,095,952	225,414,641	49,024,470	23,657,505	344,192,568
Total liabilities and fund balances	$ 59,531,393	$ 242,364,858	$ 49,024,470	$ 24,256,497	$ 375,177,218

Total Fund Balance - Governmental Funds		$ 344,192,568
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	$ 754,074,962	
Accumulated depreciation is	(127,140,536)	
Net capital assets		626,934,426
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.		(8,426,349)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		3,874,903
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)	15,002,812	
Other postemployment benefits (OPEB)	153,011	
Net pension liability	44,587,847	
Total deferred outflows of resources		59,743,670
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		
Other postemployment benefits	(5,419,230)	
Net pension liability	(6,008,761)	
Total deferred inflows of resources		(11,427,991)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(190,684,342)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (20,101,341)
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, including premiums	$ (673,114,161)	
Compensated absences (vacations)	(1,954,444)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(3,109,624)	
Total long-term liabilities		(678,178,229)
Total net position - governmental activities		$ 125,927,315

	General Fund	Building Fund	Bond Interest and Redemption Fund
Revenues			
Local Control Funding Formula	$ 157,930,527	$ -	$ -
Federal sources	5,578,011	-	837,140
Other State sources	19,767,186	18,991	114,253
Other local sources	9,049,282	1,762,015	44,787,373
Total revenues	192,325,006	1,781,006	45,738,766
Expenditures			
Current			
Instruction	106,232,313	-	-
Instruction-related activities			
Supervision of instruction	9,010,683	-	-
Instructional library, media, and technology	2,896,933	-	-
School site administration	15,961,438	-	-
Pupil services			
Home-to-school transportation	844,685	-	-
Food services	47,820	-	-
All other pupil services	14,735,208	-	-
Administration			
Data processing	510,842	-	-
All other administration	9,272,870	-	-
Plant services	13,205,490	268,548	-
Ancillary services	585,418	-	-
Community services	1,815	-	-
Other outgo	15,521	-	-
Facility acquisition and construction	2,820,862	80,444,851	-
Debt service			
Principal	-	-	19,530,000
Interest and other	-	608,765	22,522,266
Total expenditures	176,141,898	81,322,164	42,052,266
Excess (Deficiency) of Revenues Over Expenditures	16,183,108	(79,541,158)	3,686,500
Other Financing Sources (Uses)			
Transfers in	-	11,078,636	-
Other sources	-	110,000,000	63,648,550
Transfers out	(2,932,348)	-	-
Other uses	-	-	(51,756,066)
Net Financing Sources (Uses)	(2,932,348)	121,078,636	11,892,484
Net Change in Fund Balances	13,250,760	41,537,478	15,578,984
Fund Balance - Beginning, as restated	32,845,192	183,877,163	33,445,486
Fund Balance - Ending	$ 46,095,952	$ 225,414,641	$ 49,024,470

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Local Control Funding Formula	$ 2,720,435	$ 160,650,962
Federal sources	2,254,359	8,669,510
Other State sources	6,057,355	25,957,785
Other local sources	3,244,379	58,843,049
Total revenues	14,276,528	254,121,306
Expenditures		
Current		
Instruction	716,344	106,948,657
Instruction-related activities		
Supervision of instruction	125,199	9,135,882
Instructional library, media, and technology	33,328	2,930,261
School site administration	2,663,262	18,624,700
Pupil services		
Home-to-school transportation	-	844,685
Food services	3,068,236	3,116,056
All other pupil services	129,356	14,864,564
Administration		
Data processing	-	510,842
All other administration	268,313	9,541,183
Plant services	244,075	13,718,113
Ancillary services	1,451,848	2,037,266
Community services	-	1,815
Other outgo	-	15,521
Facility acquisition and construction	5,001,875	88,267,588
Debt service		
Principal	-	19,530,000
Interest and other	-	23,131,031
Total expenditures	13,701,836	313,218,164
Excess (Deficiency) of Revenues Over Expenditures	574,692	(59,096,858)
Other Financing Sources (Uses)		
Transfers in	1,212,349	12,290,985
Other sources	-	173,648,550
Transfers out	(10,417,137)	(13,349,485)
Other uses	-	(51,756,066)
Net Financing Sources (Uses)	(9,204,788)	120,833,984
Net Change in Fund Balances	(8,630,096)	61,737,126
Fund Balance - Beginning, as restated	32,287,601	282,455,442
Fund Balance - Ending	$ 23,657,505	$ 344,192,568

Total Net Change in Fund Balances - Governmental Funds		$ 61,737,126
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 exceeds capital outlays in the period.		
Depreciation expense	$ (14,149,424)	
Capital outlays	88,870,128	
Net expense adjustment		74,720,704
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(469,969)
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.		(226,434)
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.		(12,139,012)
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.		(3,463,151)
Proceeds received from general obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(162,045,000)

Deferred charge on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	$ 4,574,749
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(11,603,550)
Premium amortization	5,329,829
Deferred charge on refunding amortization	(2,047,991)
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	65,400,000
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.	914,291
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	1,075,756
Change in net position of governmental activities	$ 21,757,348

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 2,264,867
Receivables	4,727
Due from other funds	1,058,500
Prepaid expenses	706,640
Total assets	4,034,734
Liabilities	
Noncurrent liabilities	
Claims liabilities	159,831
Net Position	
Restricted for insurance programs	$ 3,874,903

		Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	$	2,583,864
Operating Expenses		
Other operating cost		2,582,868
Operating Income		996
Nonoperating Revenues		
Interest income		16,260
Income before capital contributions and transfers		17,256
Transfers in		1,058,500
Change in Net Position		1,075,756
Total Net Position - Beginning		2,799,147
Total Net Position - Ending	$	3,874,903

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 2,376,941
Cash payments for insurance claims	(2,629,652)
Net Cash Used for Operating Activities	(252,711)
Noncapital Financing Activities	
Cash received from assessments made to other funds	1,058,500
Investing Activities	
Interest on investments	15,600
Net Change in Cash and Cash Equivalents	821,389
Cash and Cash Equivalents, Beginning	1,443,478
Cash and Cash Equivalents, Ending	$ 2,264,867
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating income (loss)	$ 996
Changes in assets and liabilities	
Receivables	663
Due from other fund	(207,586)
Prepaid expenses	(81,246)
Accrued liabilities	34,462
Net Cash From Operating Activities	$ (252,711)

	Retiree Benefits Trust
Assets	
Deposits and investments	$ 10,035,940
Receivables	567,226
Prepaid expenses	30,912
Total assets	10,634,078
Liabilities	
Accounts payable	875,223
Total liabilities	875,223
Net Position	
Restricted for postemployment benefits other than pensions	9,758,855
Total net position	$ 9,758,855

	Retiree Benefits Trust
Additions	
Employer contributions	$ 1,856,966
Investment income	232,380
Total additions	2,089,346
Deductions	
Benefit payments	1,856,965
Net Increase In Fiduciary Net Position	232,381
Net Position - Beginning	9,526,474
Net Position - Ending	$ 9,758,855

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Fremont Union High School District was organized in 1925 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9-12 as mandated by the State and Federal agencies. The District operates five high schools, one alternative high school, one adult, and one independent study school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Fremont Union High School District, this includes general operations, food service, 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 three broad fund categories: governmental, proprietary and fiduciary.

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for and report all financial resources not accounted for reported in another fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and acquisition of major governmental capital facilities and buildings.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

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.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only, except, for State revenues which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) 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.).

- **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 approving a development (*Education Code* Sections 17620-17626). 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).

Permanent Funds The Permanent funds were introduced as part of the governmental financial reporting model established by GASB Statement No. 34 to account for permanent foundations that benefit a local educational agency.

- **Foundation Fund** The Foundation Fund is used to account for resources received from gifts that are restricted to the extent that earnings, but not principal, may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District on a cost reimbursement basis. The District operates a workers' compensation, dental, vision, and property and liability programs that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. The District has one fiduciary fund. The District's trust fund is Retiree Benefits fund. This trust fund is used to account for resources held by the District under a trust agreement for related to retirees' Benefits.

Basis of Accounting - Measurement Focus

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

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

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the 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 balance 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 reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. 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 has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

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

Investments

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is 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.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and building improvement, 50 years; equipment, 5 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated within the governmental funds and governmental activities.

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 recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $1,954,444.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as 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 other 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 and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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, debt 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 recorded 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 differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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 deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. The District has a defined benefit plan that is administered through a trust that meets the criteria of paragraph 3 of GASB Statement No. 74. More detailed information is discussed in Note 15 of the financial statements.

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 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 of regulations of other governments.

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.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed by 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 purpose.

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 compliance with GASB 54 to establish fund balance policies in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of committed and unassigned amounts equal to no less than 10% of General Fund expenditures and other financing uses. At June 30, 2021, the fund balance for the General Fund was reported as amounts committed and unassigned, respectively, and in total was held for economic uncertainties.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are primarily interfund insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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

Estimates

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

Property Tax

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

Change in Accounting Principles

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The provisions of this Statement have been implemented as of June 30, 2021. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 18.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement have been implemented as of June 30, 2021. Implementation of the statement does not have material impact on the District's financial statement.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). The provisions of this Statement have been implemented as of June 30, 2021. Implementation of the statement does not have material impact on the District's financial statement.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, have been implemented as of June 30, 2021.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The effects of this change on the District's financial statements have not yet been determined.

New Accounting Pronouncements

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

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 357,445,956
Proprietary funds	2,264,867
Fiduciary funds	10,035,940
Total deposits and investments	$ 369,746,763

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

Cash on hand and in banks	$ 2,666,205
Cash in revolving	15,378
Investments	367,065,180
Total deposits and investments	$ 369,746,763

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, liabilities with first priority security; and collateralized mortgage liabilities.

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. The pool is not registered with Security Exchange Commission.

General Authorizations

Limitations as they relate to interest rate 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 monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio.

Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Average Maturity in Days
Retiree Benefit Trust Fund - Mutual Funds	$ 9,765,988	Not applicable
Certificates of Deposits	291,049	200
County Pool	357,008,143	615
Total	$ 367,065,180	

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 annuity with ING ReliaStar Group is a fixed investment product with ING that is principal protected and guarantees a 3% minimum rate of return. ReliaStar life Insurance Company has a rating from Standard and Poor's AA.

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 have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. As of June 30, 2021, The District has no significant custodial credit risk.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in mutual fund of $9,765,988 the District has a custodial credit risk exposure of $9,765,988 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

Generally Accepted Accounting Principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs – quoted prices in active markets for identical assets.
- Level 2 inputs – quoted prices in active or inactive for the same or similar assets.
- Level 3 inputs – estimates using the best information available when there is little or no market.

All assets have been valued using a market approach, with quoted market prices. The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs	Uncategorized
Retiree Benefit Trust Fund - Mutual Funds	$ 9,765,988	$ 9,765,988	$ -
Certificates of Deposits	291,049	291,049	-
County Pool	357,008,143	-	357,008,143
Total	$ 367,065,180	$ 10,057,037	$ 357,008,143

Note 4 - Receivables

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund	Fiduciary Funds
Federal Government							
Categorical aid	$ 2,117,452	$ -	$ -	$ 287,974	$ 2,405,426	$ -	$ -
State Government							
LCFF apportionment	490,630	-	-	-	490,630	-	-
Categorical aid	1,847,012	-	-	9,930	1,856,942	-	-
Lottery	737,600	-	-	-	737,600	-	-
Local Government							
Interest	125,250	289,994	45,328	55,505	516,077	4,727	-
Other local sources	286,637	1,000,159	-	8,829	1,295,625	-	567,226
Total	$ 5,604,581	$ 1,290,153	$ 45,328	$ 362,238	$ 7,302,300	$ 4,727	$ 567,226

Note 5 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,958,025	$ -	$ -	$ 1,958,025
Construction in progress	57,912,730	88,217,384	(45,270,856)	100,859,258
Total capital assets not being depreciated	59,870,755	88,217,384	(45,270,856)	102,817,283
Capital assets being depreciated				
Buildings and improvements	593,161,399	45,270,858	(677,574)	637,754,683
Furniture and equipment	12,850,254	652,742	-	13,502,996
Total capital assets being depreciated	606,011,653	45,923,600	(677,574)	651,257,679
Total capital assets	665,882,408	134,140,984	(45,948,430)	754,074,962
Accumulated depreciation				
Buildings and improvements	(107,790,104)	(13,309,426)	677,574	(120,421,956)
Furniture and equipment	(5,878,582)	(839,998)	-	(6,718,580)
Total accumulated depreciation	(113,668,686)	(14,149,424)	677,574	(127,140,536)
Governmental activities capital assets, net	$ 552,213,722	$ 119,991,560	$ (45,270,856)	$ 626,934,426

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

Governmental Activities	
Instruction	$ 8,302,167
Supervision of instruction	709,197
Instructional library, media, and technology	227,469
School site administration	1,445,791
Home-to-school transportation	65,571
Food services	241,892
All other pupil services	1,153,900
Ancillary services	158,148
Community Services	141
All other administration	740,591
Data processing services	39,655
Plant services	1,064,902
Total depreciation expenses governmental activities	$ 14,149,424

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Funds	Total
General Fund	$ -	$ 4,298,073	$ 3,107,052	$ 1,058,500	$ 8,463,625
Building Fund	-	-	2,610,583	-	2,610,583
Non-Major Governmental Funds	305,240	19,777	5,251	-	330,268
Total	$ 305,240	$ 4,317,850	$ 5,722,886	$ 1,058,500	$11,404,476

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

	Transfer From			
Transfer To	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ 661,499	$ 1,212,349	$ 1,058,500	$ 2,932,348
Non-Major Governmental Funds	10,417,137	-	-	10,417,137
Total	$ 11,078,636	$ 1,212,349	$ 1,058,500	$ 13,349,485

The General Fund transferred to the Self-insurance Fund to support the programs.	$ 1,058,500
The General Fund transferred to the Cafeteria Non-Major Governemtal Fund to cover deficit spending.	1,212,349
The General Fund transferred to Building Fund for District contribution.	661,499
The County school Facilities fund transferred to Building for reimbursement	10,417,137
Total	$ 13,349,485

Note 7 - Deferred Charge on Refunding

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $134,748,000 includes the effect of deferring the recognition of loss from advance refunding. The $15,002,812 balance of the deferred outflows of resources at June 30, 2021, will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

Deferred charge on refunding at June 30, 2021, consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Deferred charges on refunding	$ 12,476,054	$ 4,574,749	$ (2,047,991)	$ 15,002,812

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	$ 2,400,377	$ 14,257,739	$ 53,787	$ 16,711,903	$ 875,223
Salaries and benefits	1,080,230	3,635	51,894	1,135,759	-
Other	814	-	-	814	-
Total	$ 3,481,421	$ 14,261,374	$ 105,681	$ 17,848,476	$ 875,223

Note 9 - Unearned Revenue

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Other Local	$ 1,490,395	$ 78,260	$ 163,043	$ 1,731,698

Note 10 - 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	Addition	Deletion	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 523,154,744	$162,514,969	$ (65,400,000)	$ 620,269,713	$ 34,390,000
Unamortized premiums	49,680,351	11,603,550	(5,329,829)	55,954,072	3,058,035
Compensated absences	1,728,010	1,001,550	(775,116)	1,954,444	879,500
Claims liability	125,369	2,582,868	(2,548,406)	159,831	-
Total	$ 574,688,474	$177,702,937	$ (74,053,351)	$ 678,338,060	$ 38,327,535

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The compensated absences will be paid by the fund for which the employee worked.

General Obligation Bonds

Defeased Bonded Debt

In May 2021, the District issued $52,045,000 in General Obligation Bonds (the “2021 Refunding Bonds”) with interest rate ranging from 0.16 to 2.77% to advance refund a total of $45,870,000 consisting $26,595,000 of outstanding 2008 General Obligation Series 2013 Bonds (the “2008 GO Series 2013 Bonds”) and $19,275,000 of 2015 General Obligation Refunding Bonds (the “2015 Refunding Bonds”) with interest rates ranging from 2.0 to 5.0%. The net proceeds of $51,756,066 (after payment of $288,934 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the 2008 GO Series 2013 Bonds and 2015 Refunding Bonds. As a result, the $45.87 million of outstanding 2008 GO Series 2013 Bonds and 2015 Refunding bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,574,749. This difference is reported in the accompanying financial statements as a deferred outflow of resources and will be charged to operations through the year 2021 using the effective-interest method. The District completed the advance refunding to reduce its total debt services payments over the next 24 years by $13,636,883 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $8,117,303.

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Refunded	Bonds Outstanding June 30, 2021
03/10/11	8/1/2040	6.87-12.00%	$ 16,090,108	$ 4,359,744.00	$ -	$ 469,969	$ -	$ -	$ 4,829,713
03/10/11	2/1/2026	5.45-6.08%	25,000,000	16,760,000	-	-	(595,000)	-	16,165,000
01/29/13	8/1/2044	3.00-5.00%	48,000,000	48,000,000	-	-	-	(26,595,000)	21,405,000
04/08/15	8/1/2044	3.00-5.00%	100,000,000	82,000,000	-	-	-	-	82,000,000
05/14/15	8/1/2040	2.00-5.00%	156,115,000	118,345,000	-	-	(11,285,000)	(19,275,000)	87,785,000
06/20/17	8/1/2046	2.00-5.00%	68,830,000	68,830,000	-	-	-	-	68,830,000
06/20/17	8/1/2030	3.00-4.00%	31,170,000	13,380,000	-	-	(410,000)	-	12,970,000
06/20/17	8/1/2044	2.00-5.00%	44,250,000	41,200,000	-	-	(2,735,000)	-	38,465,000
05/15/19	8/1/2046	3.00-5.00%	100,280,000	100,280,000	-	-	(4,505,000)	-	95,775,000
05/15/19	8/1/2034	5.00%	30,000,000	30,000,000	-	-	-	-	30,000,000
05/11/21	8/1/2042	0.16%-2.77%	52,045,000	-	52,045,000	-	-	-	52,045,000
05/12/21	8/1/2041	0.15%-4.00%	80,000,000	-	80,000,000	-	-	-	80,000,000
05/12/21	8/1/1936	0.15%-4.00%	30,000,000		30,000,000	-	-	-	30,000,000
				$ 523,154,744	$ 162,045,000	$ 469,969	$ (19,530,000)	$ (45,870,000)	$ 620,269,713

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	$ -	$ -	$ -	$ -	$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027-2031	1,720,089	3,109,624	4,829,713	5,360,287	10,190,000
Total	$ 1,720,089	$ 3,109,624	$ 4,829,713	$ 5,360,287	$ 10,190,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 34,390,000	$ 20,987,280	$ 55,377,280
2023	21,085,000	21,552,395	42,637,395
2024	17,945,000	21,208,868	39,153,868
2025	14,395,000	20,706,748	35,101,748
2026	16,765,000	19,932,159	36,697,159
2027-2031	66,490,000	100,049,336	166,539,336
2032-2036	116,490,000	73,077,959	189,567,959
2037-2041	163,065,000	49,443,888	212,508,888
2041-2045	124,800,000	17,091,075	141,891,075
2046-2050	40,015,000	359,400	40,374,400
Total	$ 615,440,000	$ 344,409,108	$ 959,849,108

Note 11 - Fund Balances

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 15,003	$ -	$ -	$ 375	$ 15,378
Stores inventories	-	-	-	29,047	29,047
Prepaid expenditures	47,736	-	-	6,203	53,939
Total nonspendable	62,739	-	-	35,625	98,364
Restricted					
Legally restricted programs	19,517,891	-	-	147,554	19,665,445
Food service	-	-	-	164,359	164,359
Capital projects	-	177,793,295	-	7,813,078	185,606,373
Debt services	-	-	49,024,470	-	49,024,470
Student Activities	-	-	-	2,592,035	2,592,035
Total restricted	19,517,891	177,793,295	49,024,470	10,717,026	257,052,682
Committed					
Education programs	12,535,134	-	-	1,229,790	13,764,924
Deferred maintenance	-	-	-	11,675,064	11,675,064
Total committed	12,535,134	-	-	12,904,854	25,439,988
Assigned					
Mandated cost to support Prop. 55	649,486	-	-	-	649,486
Textbooks	288,332	-	-	-	288,332
Sites abetement carryover	480,896	-	-	-	480,896
Sites carryover	1,307,522	-	-	-	1,307,522
Site intervention & peer tutorial	217,169	-	-	-	217,169
Outstanding payments	300,000	-	-	-	300,000
20-21 RSP 1st time pandemic saving	1,642,230	-	-	-	1,642,230
Prop. 55	2,112,052	-	-	-	2,112,052
Construction projects	-	47,621,346	-	-	47,621,346
Total assigned	6,997,687	47,621,346	-	-	54,619,033
Unassigned					
Reserve for economic uncertainties	5,372,200	-	-	-	5,372,200
Remaining unassigned	1,610,301	-	-	-	1,610,301
Total unassigned	6,982,501	-	-	-	6,982,501
Total	$ 46,095,952	$225,414,641	$ 49,024,470	$ 23,657,505	$344,192,568

Note 12 - Lease Revenues

The District has leased properties built in the 1950's where the total construction costs have been fully depreciated for a number of years. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease revenues expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenues
2022	$ 4,219,856
2023	4,704,179
2024	4,845,304
2025	4,990,663
2026	5,140,383
2027-2030	28,109,724
2031-2034	23,840,883
2035-2038	21,361,411
2039-2042	4,664,362
Total	$ 101,876,765

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District participated in the Northern California Regional Liability Excess Fund (North CalReLiEF) for excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Santa Clara County Schools Insurance Group for the workers' compensation coverage.

Claims Liabilities

The District records an estimated liability for Workers' Compensation claims filed prior to March 1, 1996. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimates for claims incurred, but not reported based on historical experience for some self-insured programs, such as dental, vision and property and liability.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation	Dental	Vision	Property and Liability	Total
Liability Balance, July 1, 2019	$ 33,959	$ 71,630	$ 9,010	$ 26,127	$ 140,726
Claims and changes in estimates	(14,776)	(1,127,628)	(149,555)	(890,071)	(2,182,030)
Claims payments	13,817	1,112,889	150,635	889,332	2,166,673
Liability Balance, June 30, 2020	$ 33,000	$ 56,891	$ 10,090	$ 25,388	$ 125,369
Claims and changes in estimates	(68,078)	(1,318,283)	(190,420)	(971,625)	(2,548,406)
Claims payments	94,021	1,341,105	194,769	952,973	2,582,868
Liability Balance, June 30, 2021	$ 58,943	$ 79,713	$ 14,439	$ 6,736	$ 159,831
Assets available to pay Claims at June 30, 2021	$ 278,055	$ 725,019	$ 80,142	$ 2,951,519	$ 4,034,734

Note 14 - 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	$ 122,995,483	$ 32,357,398	$ 4,066,030	$ 17,503,686
CalPERS	67,688,859	12,230,449	1,942,731	13,411,469
Total	$ 190,684,342	$ 44,587,847	$ 6,008,761	$ 30,915,155

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

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

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 $11,835,029.

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

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

Proportionate share of net pension liability	$ 122,995,483
State's proportionate share of the net pension liability	63,404,186
Total	$ 186,399,669

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1269% and 0.1233%, resulting in a net increase in the proportionate share of 0.0036%.

For the year ended June 30, 2021, the District recognized pension expense of $17,503,686. In addition, the District recognized pension expense and revenue of $8,882,304 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	$ 11,835,029	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,389,873	597,347
Differences between projected and actual earnings on pension plan investments	2,921,664	-
Differences between expected and actual experience in the measurement of the total pension liability	217,031	3,468,683
Changes of assumptions	11,993,801	-
Total	$ 32,357,398	$ 4,066,030

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 of resources related to the difference between projected and actual earnings on pension plan investments are 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	$ (1,782,783)
2023	995,464
2024	1,986,064
2025	1,722,919
Total	$ 2,921,664

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	$ 4,131,151
2023	4,067,136
2024	4,249,144
2025	680,714
2026	14,736
Thereafter	391,794
Total	$ 13,534,675

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	12%	1.3%
Private equity	15%	3.6%
Fixed income	13%	6.3%
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%)	$ 185,829,043
Current discount rate (7.10%)	122,995,483
1% increase (8.10%)	71,117,532

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation reports, Schools Pool Actuarial Valuation. These reports 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	On or after
Hire date	December 31, 2012	January 1, 2013
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 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 $6,941,114.

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 $67,688,859. 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, respectively, was 0.2206 percent and 0.2226%, resulting in a net decrease in the proportionate share of 0.0020%.

For the year ended June 30, 2021, the District recognized pension expense of $13,411,469. 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	$ 6,941,114	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	274,890	1,942,731
Differences between projected and actual earnings on pension plan investments	1,409,067	-
Differences between expected and actual experience in the measurement of the total pension liability	3,357,160	-
Changes of assumptions	248,218	-
Total	$ 12,230,449	$ 1,942,731

The deferred outflow 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	$ (527,302)
2023	470,335
2024	817,519
2025	648,515
Total	$ 1,409,067

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

The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 1,899,464
2023	354,451
2024	(281,197)
2025	(35,181)
Total	$ 1,937,537

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%)	$ 97,315,078
Current discount rate (7.15%)	67,688,859
1% increase (8.15%)	43,100,584

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the APPLE Retirement Program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $8,882,304, $9,045,107, and $6,016,442, for fiscal years ending June 30, 2021, 2020 and 2019, respectively (10.328, 10.328, and 9.328% of 2020-2021, 2019-2020, and 2018-2019 annual payroll, respectively). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and of the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 15 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

(Amounts in millions)

	2020 *	2021	Change
Revenues			
Program revenues			
Charges for services	$ 0.80	$ 1.45	$ 0.65
Operating grants and contributions	27.29	38.36	11.07
Federal and state sources	7.80	7.78	(0.02)
Property taxes	193.69	209.03	15.34
Other general revenue	10.83	(0.76)	(11.59)
Total revenues	240.41	255.86	15.45
Expenses			
Instruction	123.53	126.21	2.68
Instruction-related services	32.41	36.19	3.78
Pupil services	22.21	21.95	(0.26)
General administration	9.91	11.87	1.96
Plant services	16.47	15.01	(1.46)
Ancillary services	0.44	2.12	1.68
Community services	0.01	0.01	-
Interest on long-term debt	21.30	20.72	(0.58)
All other services	0.05	0.02	(0.03)
Total expenditures	226.33	234.10	7.77
Net Change In Net Position	$ 14.08	$ 21.76	$ 7.68

Plan Administration

The Employee Benefit Trust administers the Postemployment Benefits Plan (the "Plan") - a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions for the Fremont Union High School District. Management of the Plan is vested in the District's Governing Board, which consists of five locally elected plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The Plan provides medical, dental and vision insurance benefits to certain retirees and their dependents or spouses. The groups of employees who are eligible for the Plan are as follows:

	Management ***	Certificated	Classified ***
Benefits provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of benefits	5 years *	5 years	5 years
Required service	10 years	10 years	10 years
Minimum age	55	55 **	50
Dependent coverage	Yes	Yes	Spouse
District coverage	100%	100%	100%
Annual District Cap	Same as active	Same as active	Same as active

*Certain management employees are entitled to 7 years of District-paid benefits.
**30 years of service before age 55.
***Management and classified employees who don't qualify for or exhaust these benefits are entitled to minimum benefits pursuant to Government Code Section 22892.

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.

Plan membership. At June 30, 2021, Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	154
Active employees	996
Total	1,150

Contributions. The contribution requirements of plan members and the District are established and may be amended by the District and the Fremont Educators Association (FEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, FEA, CSEA, and the unrepresented groups. For fiscal year 2020-2021, the District contributed $1,844,640 to the plan, of which all was used for current premiums. Plan members receiving benefits contributed the same amount as the total premiums. The District contributes $4,766, $2,333, and $2,258 monthly for each FEA, CSEA, and FMA member, respectively. Any premiums over the District's contribution are paid by plan members.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the District's Governing Board by a majority vote of its members. It is the policy of the District's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 6.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for below asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income Securities	100%	6.25%

Concentrations. The District invests 100% of its plan assets in the mutual fund.

Changes in the Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

	Total OPEB	Fiduciary Net	Net OPEB
Balance at June 30, 2020	$ 42,137,533	$ 9,523,320	$ 32,614,213
Changes recognized for the year:			
Service cost	4,863,390	-	4,863,390
Interest on total OPEB liability	956,206	235,831	720,375
Change in assumption	(11,599,455)	-	(11,599,455)
Experience (gains)/losses	(5,182,855)	-	(5,182,855)
Difference between expected and actual benefit payment	530,017	-	530,017
Employer contributions	-	1,844,640	(1,844,640)
Administrative expense	-	(296)	296
Benefit payments	(1,844,640)	(1,844,640)	-
Net change	(12,277,337)	235,535	(12,512,872)
Balance at June 30, 2021	$ 29,860,196	$ 9,758,855	$ 20,101,341

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

Total OPEB liability	$ 29,860,196
Plan fiduciary net position	(9,758,855)
Net OPEB liability	$ 20,101,341
Plan fiduciary net position as a percentage of the total OPEB liability	32.68%

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

For the year ended June 30, 2021, the District recognized OPEB expense of $5,307,791. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	$ 153,011	$ -
Differences between expected and actual experience	-	(1,500,052)
Changes of assumptions	-	(3,919,178)
Total	$ 153,011	$ (5,419,230)

The deferred outflows of resources related to OPEB will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 12.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (312,388)
2023	(353,631)
2024	(395,491)
2025	(413,627)
2026	(407,037)
Thereafter	(3,384,045)
Total	$ (5,266,219)

Actuarial Methods and Assumptions

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	6.25	%
Salary increases	2.75	%, average, including inflation
Discount rate	6.25	%
Healthcare cost trend rates	4.00	% for 2021

Mortality rates were based on the 2009 CalSTRS Mortality Table and 2014 CalPERS Active Mortality Table for certificated and classified employees, respectively.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of applicable actuarial standards of practice, Fremont Union High School District's actual historical experience, and actuarial experience and training.

Discount rate. The discount rate used to measure the total OPEB liability was 2.20%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.2%) or 1-percentage-point higher (3.2%) than the current discount rate:

Discount Rate	Net OPEB Liability
1% decrease (1.20%)	$ 23,312,423
Current discount rate (2.20%)	20,101,341
1% increase (3.20%)	17,278,396

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 16,356,575
Current healthcare cost trend rate (4.00%)	20,101,341
1% increase (5.00%)	24,622,488

Note 16 - 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.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Expected Date of Completion	Commitment
District Site - Adult Education and D.O. Campus - Measure K	01/31/22	$ 1,356,596
FHS - Main Building Modernization/Student Center	12/31/21	405,124
FHS - Temporary Housing	06/30/22	9,666
HHS - GSS Building/Remove Building D	08/31/21	32,222
HHS - Remodel A Building Admin Space to Classroom	04/30/22	12,594,696
HHS - Temporary Housing	06/30/22	73,644
LHS - GSS Building, Parking	09/30/21	3,805,396
LHS - Gym Lobby	07/31/21	71,559
LHS - Gym Seismic Upgrades	07/31/21	79,239
LHS - New Cafeteria, Main Quad	07/31/21	1,235
CHS - Classroom Modernization Building 100	08/31/22	446,950
CHS - Classroom Modernization Building 300	08/31/21	2,705,717
CHS - Classroom Modernization Building 400	08/31/22	419,683
District Site - Maintenance Yard Modernization	12/31/22	1,227,424
District Site - New Adult Ed/D.O. Campus - Measure CC	01/31/22	10,483,194
FHS - Athletic Field Improvements	12/31/22	87,062
FHS - Classroom Modernization Building 70	08/31/22	171,629
FHS - Classroom Modernization Building 80	08/31/22	171,629
FHS - Classroom Modernization Original Building	12/31/21	12,313,768
FHS - New Restroom Building.	12/31/22	80,820
HHS - Classroom Modernization Building A & Sesimc Upgrade	04/30/22	4,933,293
HHS - Classroom Modernization Building B & Seismic Upgrade	04/30/23	18,962,740
LHS - Athletic Field Improvements	01/31/22	5,404,616
LHS - Auditorium Lobby & Promenade Modernization	03/31/22	5,455,125
LHS - New Science Building	07/31/23	1,282,060
MVHS - Classroom Modernization Building D	10/31/21	3,965,476
MVHS - Classroom Modernization Building F	09/30/22	415,517
MVHS - Utility Infrastructure	11/30/21	951,797
		$ 87,907,877

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 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Silicon Valley Joint Powers Transportation Agency (SVJPA), the Santa Clara County Schools Insurance Group (SCCSIG), and the Northern California Regional Liability Excess Fund (North CalReLiEF). The relationship between the District, the pools and the JPA's 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 generally available from the respective entities. The District has appointed one board member to the Governing Board of SVJPA, SCCSIG, and North CalReLiEF. During the year ended June 30, 2021, the District made payments as follows:

Related Entities	Service Payments	Service Provided
SVJPA	$ 810,578	Transportation for special education students
SCCSIG	1,351,105	Excess workers' compensation insurance
North CalReLiEF	920,532	Property and liability insurance

Note 18 - Restatement of Prior Year Net Position and Fund Balance

As of June 30, 2021, the Fremont Union High School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	$ 30,059,662	$ 280,227,503
Reclassification of student activity funds from agency funds to a special revenue fund	2,227,939	2,227,939
fund Balance - Beginning as Restated June 30, 2020	$ 32,287,601	$ 282,455,442
Governmental Activities		
Beginning Net Position Governmental Activities previously reported at June 30, 2020		$ 101,942,028
Reclassification of student activity funds from agency funds to a special revenue fund		2,227,939
Net Position - Beginning as Restated		$ 104,169,967

Required Supplementary Information
June 30, 2021

Fremont Union High School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$151,670,390	$156,688,593	$157,930,527	$ 1,241,934
Federal sources	3,002,981	6,332,911	5,578,011	(754,900)
Other State sources	11,729,398	12,448,048	19,767,186	7,319,138
Other local sources	8,257,388	8,908,429	9,049,282	140,853
Total revenues	174,660,157	184,377,981	192,325,006	7,947,025
Expenditures				
Current				
Certificated salaries	73,640,739	75,190,509	75,817,421	(626,912)
Classified salaries	27,358,954	27,538,337	28,615,906	(1,077,569)
Employee benefits	47,204,364	46,422,516	46,663,159	(240,643)
Books and supplies	7,208,585	8,791,766	5,312,600	3,479,166
Services and operating expenditures	20,178,336	21,900,783	17,057,257	4,843,526
Other outgo	(202,951)	(202,496)	(232,995)	30,499
Capital outlay	598,650	693,872	2,908,550	(2,214,678)
Total expenditures	175,986,677	180,335,287	176,141,898	4,193,389
Excess (Deficiency) of Revenues Over Expenditures	(1,326,520)	4,042,694	16,183,108	12,140,414
Other Financing Sources (Uses)				
Transfers in	1,391,323	1,396,323	-	(1,396,323)
Transfers out	(2,268,751)	(2,113,763)	(2,932,348)	(818,585)
Net financing sources (uses)	(877,428)	(717,440)	(2,932,348)	(2,214,908)
Net Change in Fund Balances	(2,203,948)	3,325,254	13,250,760	9,925,506
Fund balance - Beginning	32,845,192	32,845,192	32,845,192	-
Fund Balance - Ending	$ 30,641,244	$ 36,170,446	$ 46,095,952	$ 9,925,506

MEASUREMENT DATE, JUNE 30,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 4,863,390	$ 3,652,614	$ 2,559,702	$ 2,491,194	$ 2,424,520
Interest on total OPEB liability	956,206	759,492	1,132,980	1,021,333	917,585
Difference between expected and actual benefit payments	530,017	249,349	753,398	-	-
Differences between expected and actual experience	(5,182,855)	-	2,609,231	-	-
Changes of assumptions	(11,599,455)	5,740,133	2,489,400	-	-
Benefit payments	(1,844,640)	(1,673,988)	(1,653,178)	(1,000,905)	(991,200)
Net changes in total OPEB liability	(12,277,337)	8,727,600	7,891,533	2,511,622	2,350,905
Total OPEB Liability - beginning	42,137,533	33,409,933	25,518,400	23,006,778	20,655,873
Total OPEB Liability - ending (a)	29,860,196	42,137,533	33,409,933	25,518,400	23,006,778
Plan Fiduciary Net Position					
Contributions - employer	1,844,640	3,652,612	1,653,178	1,000,905	962,409
Net investment income	235,831	139,686	104,719	103,361	116,073
Benefit payments	(1,844,640)	(1,673,988)	(1,653,178)	(1,000,905)	(991,200)
Administrative expense	(296)	(2,654)	-	-	-
Net change in plan fiduciary net position	235,535	2,115,656	104,719	103,361	87,282
Plan fiduciary net position - beginning	9,523,320	7,407,664	7,302,945	7,199,584	7,112,302
Plan fiduciary net position - ending (b)	9,758,855	9,523,320	7,407,664	7,302,945	7,199,584
District's net OPEB liability - ending (a) - (b)	$ 20,101,341	$ 32,614,213	$ 26,002,269	$ 18,215,455	$ 15,807,194
Plan fiduciary net position as a percentage of the total OPEB liability	32.68%	22.60%	22.17%	28.62%	31.29%
Covered payroll	$ 106,813,865	$ 102,281,242	$ 98,575,729	$ 92,035,344	$ 91,832,884
District's net OPEB liability as a percentage of covered - payroll	18.82%	31.89%	26.38%	19.79%	17.21%

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

	2021	2020	2019	2018	2017
Annual money weighted rate of return, net of investment expense	6.25%	2.20%	3.50%	4.30%	4.30%

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.1269%	0.1233%	0.1239%	0.1178%	0.1190%	0.1187%	0.1157%
Proportionate share of the net pension liability	$122,995,483	$111,328,981	$113,856,062	$108,971,315	$ 96,257,466	$ 79,891,779	$ 67,631,744
State's proportionate share of the net pension liability	63,404,186	60,737,392	65,187,921	64,466,509	54,797,658	42,253,944	40,838,967
Total	$186,399,669	$172,066,373	$179,043,983	$173,437,824	$151,055,124	$122,145,723	$108,470,711
Covered payroll	$ 70,112,807	$ 67,584,347	$ 66,364,690	$ 63,679,597	$ 60,292,804	$ 50,227,021	$ 51,955,637
Proportionate share of the net pension liability as a percentage of its covered payroll	175%	165%	172%	171%	160%	159%	130%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.2206%	0.2226%	0.2236%	0.2178%	0.2177%	0.2108%	0.2056%
Proportionate share of the net pension liability	$ 67,688,859	$ 64,882,916	$ 59,622,510	$ 51,988,034	$ 42,999,244	$ 31,068,349	$ 23,344,213
Covered payroll	$ 32,168,435	$ 30,991,382	$ 27,758,189	$ 27,758,189	$ 26,128,463	$ 23,139,080	$ 21,689,629
Proportionate share of the net pension liability as a percentage of its covered payroll	210%	209%	215%	187%	165%	134%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2019	2018	2017	2016
CalSTRS							
Contractually required contribution	$ 11,835,029	$ 11,989,290	$ 10,997,082	$ 9,573,016	$ 7,918,756	$ 6,430,351	$ 4,907,917
Less contributions in relation to the contractually required contribution	11,835,029	11,989,290	10,997,082	9,573,016	7,918,756	6,430,351	4,907,917
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 73,281,913	$ 70,112,807	$ 67,584,347	$ 66,364,690	$ 63,679,597	$ 60,292,804	$ 50,227,021
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 6,941,114	$ 6,343,937	$ 5,597,011	$ 4,581,720	$ 3,855,057	$ 3,095,439	$ 2,647,574
Less contributions in relation to the contractually required contribution	6,941,114	6,343,937	5,597,011	4,581,720	3,855,057	3,095,439	2,647,574
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,531,952	$ 32,168,435	$ 30,991,382	$ 29,500,480	$ 27,758,189	$ 26,128,463	$ 23,139,080
Contributions as a percentage of covered payroll	20.700%	19.7210%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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 Net OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* – There were not changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.2% to 6.25 %, and the Inflation rate assumption was changed from 2.75% per year to 2.5% per year since the previous valuation

Schedule of OPEB Investment Returns

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

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

This 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 Pension 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

Fremont Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Lisitng/ Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States			
Adult Basic Education and ESL	84.002	14508	$ 249,039
Adult Secondary Education	84.002	13978	101,722
English Literacy and Civics Education	84.002	14109	166,318
Total Adult Education			517,079
Title I, Grants to Local Educational Agencies	84.010	14329	120,416
Supporting Effective Instruction State Grants	84.367	14341	160,098
English Language Acquisition State Grants			
Immigrant Education Program	84.365	15146	32,723
Limited English Proficient Student Program	84.365	14346	105,547
Special Education Grants to States			
Basic Local Assistance Entitlement	84.027	13379	1,433,374
Mental Health Services	84.027	14468	388,906
Total Special Education Cluster			1,822,280
Career and Technical Education - Basic Grants to States	84.048	14894	128,650
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	10006	425,844
Total U.S. Department of Education			3,312,637
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13523	1,127,134
National School Breakfast	10.553	13525	
Especially Needy Breakfast	10.553	13526	610,145
Commodity Supplemental Food Program	10.555	13523	225,604
Total Child Nutrition Cluster			1,962,883
Total U.S. Department of Agriculture			1,962,883
U.S. DEPARTMENT OF Treasury			
Passed through CDE:			
COVID-19 Coronavirus Relief Fund (CRF):			
Learning Loss Mitigation	21.019	25516	2,655,290
Total U.S. Department of Health and Human Services			2,655,290
U.S. DEPARTMENT OF HEALTH CARE SERVICES			
Passed through CDE:			
Medi-Cal Administrative Activities (MAA)	93.778	10060	127,165
Total Federal Financial Assistance			$8,057,975

ORGANIZATION

The Fremont Union High School District was established in 1925 under the laws of the State of California and consists of an area comprising approximately 42 square miles. The District operates five high schools, one community day school, one adult school and a variety of educational option programs. There were no boundary changes during the year.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Bill Wilson	President	2022
Naomi Nakano-Matsumoto	Vice President	2022
Rosa Kim	Member	2022
Jeff Moe	Member	2024
Roy Rocklin	Member	2024
Antara Chugh	Student Member	2022

ADMINISTRATION

NAME	TITLE
Polly Bove	Superintendent
Christine Mallery	Chief Business Officer, Associate Superintendent
Graham Clark	Deputy Superintendent
Trudy Gross	Assistant Superintendent, Teaching and Learning
Tom Avvakumovits	Assistant Superintendent, Teaching and Learning

Grade Level	Number of Actual Days Traditional Calendar	Number of Actual Days Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

	Building Fund	Non-Major Governmental Funds
Fund Balance		
Balance, June 30, 2021		
Unaudited Actuals	$ 228,025,224	$ 21,046,922
Reclassify grants (Prop 51 revenue) received from Office of Public School Construction to proper fund.	(2,610,583)	2,610,583
Balance, June 30, 2021		
Audited Financial Statements	$ 225,414,641	$ 23,657,505

	(Budget) 2022 [1]	2021	2020	2019
General Fund				
Revenues	$ 193,481,396	$ 192,325,006	$ 174,203,966	$ 173,200,431
Other sources	1,137,669	-	683,157	-
Total Revenues and Other Sources	194,619,065	192,325,006	174,887,123	173,200,431
Expenditures	192,174,339	176,141,898	170,701,221	168,003,484
Other uses and transfers out	2,824,216	2,932,348	2,356,843	3,198,655
Total Expenditures and Other Uses	194,998,555	179,074,246	173,058,064	171,202,139
Increase/(Decrease) in Fund Balance	(379,490)	13,250,760	1,829,059	1,998,292
Ending Fund Balance	$ 45,716,462	$ 46,095,952	$ 32,845,192	$ 31,016,133
Available Reserves [2]	$ 5,849,957	$ 6,982,501	$ 6,458,670	$ 5,969,433
Available Reserves as a Percentage of Total Outgo	3.00%	3.90%	3.73%	3.49%
Long-Term Liabilities	$ 850,796,208	$ 889,123,743	$ 783,386,061	$ 817,753,837
K-12 Average Daily Attendance at P-2 [3]	10,146	10,680	10,680	10,620

The General Fund balance has increased by $15,079,819 over the past two years. However, the fiscal year 2021-2022 budget projects a decrease of $379,490 (0.82%) from the fiscal year 2020-2021.

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 passed a resolution to maintain a minimum available reserve of 10%. During the year, the District has $5,372,200 (3.1%) designated to economic uncertainties and additional $12,535,134 (7.2%) committed fund balance to comply to its board policies.

The District has incurred operating surpluses in the fiscal year 2019 through 2021, but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by $71,210,075 over the past two years.

Average daily attendance has increased by 60 over the past two years. Decline of 534 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] Due to COVID-19, 2021 ADA was not collected. 2020's ADA was used.

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	$ 2,592,035	$ 1,315,499	$ 418,811	$ 8,554,187	$ 70,407	$ 5,185,184	$ -	$ 18,136,123
Receivables	-	182,390	127,230	15,390	140	17,311	19,777	362,238
Due from other funds	-	-	5,251	3,107,052	-	-	2,610,583	5,722,886
Prepaid expenditures	-	3,208	2,995	-	-	-	-	6,203
Stores inventories	-	-	29,047	-	-	-	-	29,047
Total assets	$ 2,592,035	$ 1,501,097	$ 583,334	$ 11,676,629	$ 70,547	$ 5,202,495	$ 2,630,360	$ 24,256,497
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ -	$ 26,842	$ 77,274	$ 1,565	-	$ -	$ -	$ 105,681
Due to other funds	-	164,250	146,241	-	-	-	19,777	330,268
Unearned revenue	-	-	163,043	-	-	-	-	163,043
Total liabilities	-	191,092	386,558	1,565	-	-	19,777	598,992
Fund Balances								
Nonspendable	-	3,208	32,417	-	-	-	-	35,625
Restricted	2,592,035	77,007	164,359	-	70,547	5,202,495	2,610,583	10,717,026
Committed	-	1,229,790	-	11,675,064	-	-	-	12,904,854
Total fund balances	2,592,035	1,310,005	196,776	11,675,064	70,547	5,202,495	2,610,583	23,657,505
Total liabilities and fund balances	$ 2,592,035	$ 1,501,097	$ 583,334	$ 11,676,629	$ 70,547	$ 5,202,495	$ 2,630,360	$ 24,256,497

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues								
Local Control Funding Formula	$ -	$ -	$ -	$ 2,720,435	$ -	$ -	$ -	$ 2,720,435
Federal sources	-	517,080	1,737,279	-	-	-	-	2,254,359
Other State sources	-	3,121,003	325,769	-	-	-	2,610,583	6,057,355
Other local sources	1,815,944	558,386	29,936	(17,631)	(362)	981,843	(123,737)	3,244,379
Total revenues	1,815,944	4,196,469	2,092,984	2,702,804	(362)	981,843	2,486,846	14,276,528
Expenditures								
Current								
Instruction	-	704,344	-	-	12,000	-	-	716,344
Instruction-related activities								
Supervision of instruction	-	125,199	-	-	-	-	-	125,199
Instructional library, media, and technology	-	33,328	-	-	-	-	-	33,328
School site administration	-	2,663,262	-	-	-	-	-	2,663,262
Pupil services								
Food services	-	-	3,068,236	-	-	-	-	3,068,236
All other pupil services	-	129,356	-	-	-	-	-	129,356
Administration								
All other administration	-	158,999	90,414	-	-	18,900	-	268,313
Plant services	-	244,075	-	-	-	-	-	244,075
Ancillary services	1,451,848	-	-	-	-	-	-	1,451,848
Facility acquisition and construction	-	-	-	-	-	5,001,875	-	5,001,875
Total expenditures	1,451,848	4,058,563	3,158,650	-	12,000	5,020,775	-	13,701,836
Excess (Deficiency) of Revenues Over Expenditures	364,096	137,906	(1,065,666)	2,702,804	(12,362)	(4,038,932)	2,486,846	574,692
Other Financing Sources (Uses)								
Transfers in	-	-	1,212,349	-	-	-	-	1,212,349
Transfers out	-	-	-	-	-	-	(10,417,137)	(10,417,137)
Net Financing Sources (Uses)	-	-	1,212,349	-	-	-	(10,417,137)	(9,204,788)
Net Change in Fund Balances	364,096	137,906	146,683	2,702,804	(12,362)	(4,038,932)	(7,930,291)	(8,630,096)
Fund Balance - Beginning	2,227,939	1,172,099	50,093	8,972,260	82,909	9,241,427	10,540,874	32,287,601
Fund Balance - Ending	$ 2,592,035	$ 1,310,005	$ 196,776	$ 11,675,064	$ 70,547	$ 5,202,495	$ 2,610,583	$ 23,657,505

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 or changes in fund balance of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling $29,047 in inventory.

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.

	Federal Financial Assistance Listing/ CFDA Number	Amount
Federal Revenues report in the Statement of Revenues, Expenditures and Changes in Fund Balances		$ 8,669,510
Federal interest subsidy from Build America Bonds Act	N/A	(837,139)
Food Commodities	10.555	225,604
Total Federal Financial Assistance		$ 8,057,975

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements, as required by *Education Code* Section 46201.

Reconciliation of Unaudited 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

Fremont Union High 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*

Board of Trustees
Fremont Union High School District
Sunnyvale, 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 Fremont Union High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fremont Union High School District's basic financial statements and have issued our report thereon dated November 30, 2021.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 18 to the financial statements, Fremont Union High School District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Fremont Union High School District in a separate letter dated November 30, 2021.

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.

Eide Bailly LLP

Menlo Park, California
November 30, 2021

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Fremont Union High School District
Sunnyvale, California

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

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

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

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

Opinion on Each Major Federal Program
In our opinion, Fremont Union High School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance
Management of Fremont Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont Union High School District 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 Fremont Union High School District 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.

Eide Bailly LLP

Menlo Park, California
November 30, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Fremont Union High School District
Sunnyvale, California

Report on State Compliance

We have audited Fremont Union High 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.

What inspires you, inspires us. | eidebailly.com

4040 Campbell Ave., Ste. 200 | Menlo Park, CA 94025-1053 | T 650.522.3400 | F 650.645.7393 | EOE

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	No, See Below
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	No, See Below
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
Non-Classroom-Based Instruction/Independent Study	No, See Below
Determination of Funding for Non-Classroom-Based Instruction	No, See Below
Charter School Facility Grant Program	No, See Below

Kindergarten Continuance
The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

Early Retirement Incentive
The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

K-3 Grade Span Adjustment
The District has only grades 9 - 12; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

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

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

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

Independent Study – Course Based
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.

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

Unmodified Opinion

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

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

Eide Bailly LLP

Menlo Park, California
November 30, 2021

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	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 federal programs:	
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 federal 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 federal programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19 Coronavirus Relief Fund (CRF)	21.019
Child Nutrition Cluster	10.555, 10.553, 10.559

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 all State programs:	Unmodified

None reported.

None reported.

None reported.

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

EideBailly

CPAs & BUSINESS ADVISORS

Management
Fremont Union High School District
Sunnyvale, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency as they related to Associated Student Body (ASB)'s budgeting and accounting. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 30, 2021, on the government-wide financial statements of the District.

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 (Statement), Fiduciary Activities as of June 30, 2021. As a result of implementation, the District reported Associated Student Body (ASB) accounts as a governmental fund instead of an agency fund, which was previously reported as such. We considered its internal control structure related to the ASB accounts and noted the following internal control deficiencies:

- Reported cash amount does not represent the reconciled cash balance per bank reconciliation.
- Trial balances provided by the schools do not include income statement accounts.
- One of the five trial balances provided did not balance.

Although all noted deficiencies were not significant in aggregate to the District's financial statements as of June 30, 2021, they increase the risk of potential significant misstatements in the future. To mitigate the risk, we recommend the following:

- Periodic review of bank reconciliations by District Business Department staff.
- Each school site should submit its periodic (monthly or quarterly) financial statements to District for review.
- Provide professional development for school site financial technicians in the area of accounting.
- Provide universal software for ASB accounting with District office access.

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

Eide Bailly LLP

Menlo Park, California
November 30, 2021