



**GUSTINE UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT  
JUNE 30, 2022**

**GUSTINE**  
UNIFIED SCHOOL DISTRICT



**GUSTINE UNIFIED SCHOOL DISTRICT**  
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**JUNE 30, 2022**

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## **FINANCIAL SECTION**

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Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Independent Auditors' Report

Governing Board  
Gustine Unified School District  
Gustine, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gustine Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Gustine Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Gustine Unified School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gustine Unified School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gustine Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gustine Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gustine Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gustine Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of the Gustine Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gustine Unified 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 Gustine Unified School District's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
January 31, 2023

# GUSTINE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

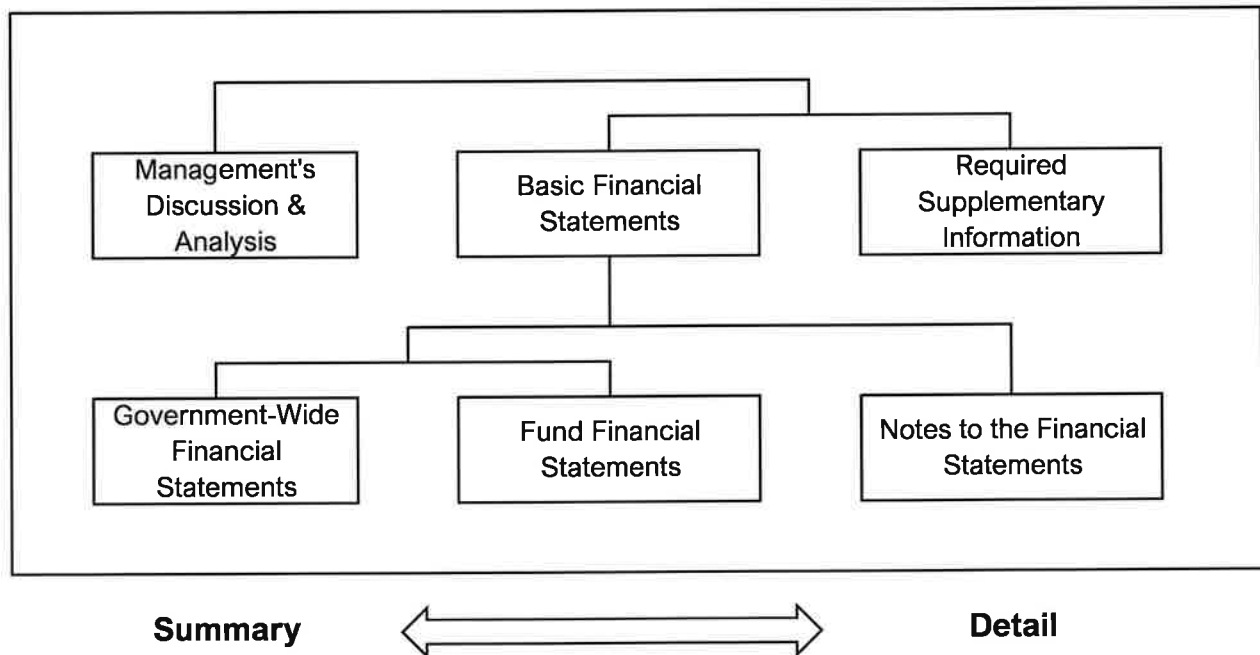
Our discussion and analysis of Gustine Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$6,503,936 at June 30, 2022. This was an increase of \$5,754,944 from the prior year.
- ▶ Overall revenues were \$31,405,788 which exceeded expenses of \$25,650,844.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

**Government-Wide Statements**

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

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

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's net position was \$6,503,936 at June 30, 2022, as reflected in the table below. Of this amount, \$(8,595,488) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 19,488,853	\$ 16,842,098	\$ 2,646,755
Capital assets	27,634,642	27,912,966	(278,324)
<b>Total Assets</b>	<b>47,123,495</b>	<b>44,755,064</b>	<b>2,368,431</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,350,491</b>	<b>6,391,701</b>	<b>(1,041,210)</b>
<b>LIABILITIES</b>			
Current liabilities	2,226,242	3,780,642	(1,554,400)
Long-term liabilities	33,678,958	45,081,621	(11,402,663)
<b>Total Liabilities</b>	<b>35,905,200</b>	<b>48,862,263</b>	<b>(12,957,063)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>10,064,850</b>	<b>1,535,510</b>	<b>8,529,340</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,482,040	9,608,466	(126,426)
Restricted	5,617,384	2,944,857	2,672,527
Unrestricted	(8,595,488)	(11,804,331)	3,208,843
<b>Total Net Position</b>	<b>\$ 6,503,936</b>	<b>\$ 748,992</b>	<b>\$ 5,754,944</b>

**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ -	\$ 91,612	\$ (91,612)
Operating grants and contributions	7,416,817	7,170,158	246,659
Capital grants and contributions	1,061,683	1,229,997	(168,314)
General revenues			
Property taxes	4,859,506	4,676,283	183,223
Unrestricted federal and state aid	17,720,507	16,441,689	1,278,818
Other	347,275	292,108	55,167
<b>Total Revenues</b>	<b>31,405,788</b>	<b>29,901,847</b>	<b>1,503,941</b>
<b>EXPENSES</b>			
Instruction	12,126,495	13,500,347	(1,373,852)
Instruction-related services	2,198,118	2,378,714	(180,596)
Pupil services	3,678,086	3,545,732	132,354
General administration	2,103,640	2,143,727	(40,087)
Plant services	2,554,597	2,633,845	(79,248)
Ancillary services	430,551	303,187	127,364
Debt service	788,880	1,003,550	(214,670)
Other outgo	515,726	549,041	(33,315)
Depreciation	1,254,751	1,282,710	(27,959)
<b>Total Expenses</b>	<b>25,650,844</b>	<b>27,340,853</b>	<b>(1,690,009)</b>
<b>Change in net position</b>	<b>5,754,944</b>	<b>2,560,994</b>	<b>3,193,950</b>
<b>Net Position - Beginning</b>	<b>748,992</b>	<b>(1,812,002)</b>	<b>2,560,994</b>
<b>Net Position - Ending</b>	<b>\$ 6,503,936</b>	<b>\$ 748,992</b>	<b>\$ 5,754,944</b>

The cost of all our governmental activities this year was \$25,650,844 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$4,859,506 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions and unrestricted federal and state aid.

**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	<b>Net Cost of Services</b>	
	<b>2022</b>	<b>2021</b>
Instruction	\$ 7,022,580	\$ 7,942,551
Instruction-related services	2,019,967	2,122,161
Pupil services	1,420,023	1,713,167
General administration	1,458,353	1,804,185
Plant services	2,396,941	2,228,232
Ancillary services	424,606	285,513
Debt service	788,880	1,003,550
Transfers to other agencies	386,243	467,017
Depreciation	1,254,751	1,282,710
<b>Total</b>	<b>\$ 17,172,344</b>	<b>\$ 18,849,086</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$17,951,672, which is more than last year's ending fund balance of \$13,763,504. The District's General Fund had \$3,090,507 more in operating revenues than expenditures for the year ended June 30, 2022.

**CURRENT YEAR BUDGET 2021-2022**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2021-2022 the District had invested \$27,634,642 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 1,671,212	\$ 1,671,212	\$ -
Construction in progress	8,749,580	8,600,815	148,765
Land improvements	3,136,431	3,136,431	-
Buildings & improvements	34,137,046	33,703,970	433,076
Furniture & equipment	2,745,600	2,351,014	394,586
Less: Accumulated depreciation	(22,805,227)	(21,550,476)	(1,254,751)
<b>Total Capital Assets</b>	<b>\$ 27,634,642</b>	<b>\$ 27,912,966</b>	<b>\$ (278,324)</b>

**Long-Term Liabilities**

At year-end, the District had \$33,678,958 in long-term liabilities, a decrease of 25% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 13,364,571	\$ 13,418,925	\$ (54,354)
Total certificates of participation	5,572,000	5,850,000	(278,000)
Financed purchases	168,613	302,065	(133,452)
Compensated absences	75,083	55,405	19,678
Net OPEB liability	3,443,174	3,417,859	25,315
Net pension liability	11,508,502	22,503,173	(10,994,671)
Less: current portion of long-term liabilities	(452,985)	(465,806)	12,821
<b>Total Long-term Liabilities</b>	<b>\$ 33,678,958</b>	<b>\$ 45,081,621</b>	<b>\$ (11,402,663)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

**GUSTINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of \$128.3 billion (\$78.4 billion General Fund and \$49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Officer at Gustine Unified School District, 1500 Meredith Avenue, Gustine, California, 95322, or by phone at 209-854-3784.

**GUSTINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 18,398,229
Accounts receivable	1,090,624
Capital assets, not depreciated	10,420,792
Capital assets, net of accumulated depreciation	17,213,850
<b>Total Assets</b>	<b>47,123,495</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	4,786,701
Deferred outflows related to OPEB	563,790
<b>Total Deferred Outflows of Resources</b>	<b>5,350,491</b>
<b>LIABILITIES</b>	
Accrued liabilities	1,214,982
Unearned revenue	558,275
Long-term liabilities, current portion	452,985
Long-term liabilities, non-current portion	33,678,958
<b>Total Liabilities</b>	<b>35,905,200</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	8,929,886
Deferred inflows related to OPEB	1,134,964
<b>Total Deferred Inflows of Resources</b>	<b>10,064,850</b>
<b>NET POSITION</b>	
Net investment in capital assets	9,482,040
Restricted:	
Capital projects	1,775,359
Debt service	147,222
Educational programs	2,678,614
Food service	754,282
Associated student body	261,907
Unrestricted	(8,595,488)
<b>Total Net Position</b>	<b>\$ 6,503,936</b>

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 12,126,495	\$ 4,042,232	\$ 1,061,683	\$ (7,022,580)
Instruction-related services				
Instructional supervision and administration	49,098	23,386	-	(25,712)
Instructional library, media, and technology	82,525	-	-	(82,525)
School site administration	2,066,495	154,765	-	(1,911,730)
Pupil services				
Home-to-school transportation	617,983	61,973	-	(556,010)
Food services	1,181,599	1,706,240	-	524,641
All other pupil services	1,878,504	489,850	-	(1,388,654)
General administration				
Centralized data processing	27,010	4	-	(27,006)
All other general administration	2,076,630	645,283	-	(1,431,347)
Plant services	2,554,597	157,656	-	(2,396,941)
Ancillary services	430,551	5,945	-	(424,606)
Interest on long-term debt	788,880	-	-	(788,880)
Other outgo	515,726	129,483	-	(386,243)
Depreciation (unallocated)	1,254,751	-	-	(1,254,751)
<b>Total Governmental Activities</b>	<b>\$ 25,650,844</b>	<b>\$ 7,416,817</b>	<b>\$ 1,061,683</b>	<b>(17,172,344)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				4,243,098
Property taxes, levied for debt service				612,080
Property taxes, levied for other specific purposes				4,328
Federal and state aid not restricted for specific purposes				17,720,507
Interest and investment earnings				(456,834)
Miscellaneous				804,109
<b>Subtotal, General Revenue</b>				<b>22,927,288</b>
<b>CHANGE IN NET POSITION</b>				<b>5,754,944</b>
<b>Net Position - Beginning</b>				<b>748,992</b>
<b>Net Position - Ending</b>				<b>\$ 6,503,936</b>

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



**GUSTINE UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

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	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 14,548,067	\$ 3,850,162	\$ 18,398,229
Accounts receivable	715,904	374,720	1,090,624
Due from other funds	48,781	99,784	148,565
<b>Total Assets</b>	<b>\$ 15,312,752</b>	<b>\$ 4,324,666</b>	<b>\$ 19,637,418</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 964,479	\$ 14,427	\$ 978,906
Due to other funds	99,784	48,781	148,565
Unearned revenue	555,225	3,050	558,275
<b>Total Liabilities</b>	<b>1,619,488</b>	<b>66,258</b>	<b>1,685,746</b>
<b>FUND BALANCES</b>			
Nonspendable	169,878	200	170,078
Restricted	2,557,996	4,248,046	6,806,042
Committed	-	10,162	10,162
Unassigned	10,965,390	-	10,965,390
<b>Total Fund Balances</b>	<b>13,693,264</b>	<b>4,258,408</b>	<b>17,951,672</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,312,752</b>	<b>\$ 4,324,666</b>	<b>\$ 19,637,418</b>

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
JUNE 30, 2022**

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**Total Fund Balance - Governmental Funds** \$ 17,951,672

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

**Capital assets:**

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

Capital assets	\$ 50,439,869	
Accumulated depreciation	<u>(22,805,227)</u>	27,634,642

**Unmatured interest on long-term debt:**

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

(236,076)

**Long-term liabilities:**

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

Total general obligation bonds	\$ 13,364,571	
Total certificates of participation	5,572,000	
Financed purchases	168,613	
Compensated absences	75,083	
Net OPEB liability	3,443,174	
Net pension liability	<u>11,508,502</u>	(34,131,943)

**Deferred outflows and inflows of resources relating to pensions:**

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

Deferred outflows of resources related to pensions	\$ 4,786,701	
Deferred inflows of resources related to pensions	<u>(8,929,886)</u>	(4,143,185)

**Deferred outflows and inflows of resources relating to OPEB:**

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

Deferred outflows of resources related to OPEB	\$ 563,790	
Deferred inflows of resources related to OPEB	<u>(1,134,964)</u>	(571,174)

**Total Net Position - Governmental Activities** \$ 6,503,936

**GUSTINE UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
LCFF sources	\$ 21,361,213	\$ -	\$ 21,361,213
Federal sources	2,980,430	1,556,018	4,536,448
Other state sources	4,855,591	1,337,180	6,192,771
Other local sources	229,281	833,773	1,063,054
<b>Total Revenues</b>	<b>29,426,515</b>	<b>3,726,971</b>	<b>33,153,486</b>
<b>EXPENDITURES</b>			
Current			
Instruction	14,607,217	31,419	14,638,636
Instruction-related services			
Instructional supervision and administration	55,027	-	55,027
Instructional library, media, and technology	87,008	-	87,008
School site administration	2,308,007	158,107	2,466,114
Pupil services			
Home-to-school transportation	638,200	-	638,200
Food services	2,659	1,202,484	1,205,143
All other pupil services	2,235,537	10,333	2,245,870
General administration			
Centralized data processing	27,010	-	27,010
All other general administration	1,962,200	15,381	1,977,581
Plant services			
Facilities acquisition and construction	2,645,152	3,000	2,648,152
Ancillary services	389,013	374,338	763,351
Transfers to other agencies	197,435	245,213	442,648
Transfers to other agencies	515,726	-	515,726
Debt service			
Principal	411,452	20,000	431,452
Interest and other	254,365	569,035	823,400
<b>Total Expenditures</b>	<b>26,336,008</b>	<b>2,629,310</b>	<b>28,965,318</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,090,507</b>	<b>1,097,661</b>	<b>4,188,168</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	17,000	99,784	116,784
Transfers out	(99,784)	(17,000)	(116,784)
<b>Net Financing Sources (Uses)</b>	<b>(82,784)</b>	<b>82,784</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,007,723</b>	<b>1,180,445</b>	<b>4,188,168</b>
Fund Balance - Beginning	10,685,541	3,077,963	13,763,504
Fund Balance - Ending	<b>\$ 13,693,264</b>	<b>\$ 4,258,408</b>	<b>\$ 17,951,672</b>

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Net Change in Fund Balances - Governmental Funds** \$ 4,188,168

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

**Capital outlay:**

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

Expenditures for capital outlay:	\$	976,427	
Depreciation expense:		(1,254,751)	(278,324)

**Debt service:**

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

431,452

**Unmatured interest on long-term debt:**

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

166

**Compensated absences:**

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

(19,678)

**Postemployment benefits other than pensions (OPEB):**

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(182,937)

**Pensions:**

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

1,581,743

**Amortization of debt issuance premium or discount:**

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

34,354

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>5,754,944</b>
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The accompanying notes are an integral part of these financial statements.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

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

**C. Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

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

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

**Major Governmental Funds**

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

**Non-Major Governmental Funds**

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

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

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

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

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

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

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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

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

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

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide Financial Statements**

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

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

**Governmental Funds**

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**Unearned Revenue**

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



**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Unearned Revenue (continued)**

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

**Expenses/Expenditures**

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

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

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

**Inventories**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Capital Assets**

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements/Infrastructure	5 to 50 years
Equipment	2 to 15 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds."

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

**Premiums and Discounts**

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

**Deferred Outflows/Deferred Inflows of Resources**

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

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

**Pensions**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fund Balance**

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

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

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

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

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

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

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund Activity**

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

**G. Estimates**

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

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

**I. Property Tax**

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

**J. New Accounting Pronouncements**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has fully implemented this Statement as of June 30, 2022.

**GASB Statement No. 96** – In May 2020, 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 governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 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. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>
Investment in county treasury	\$ 18,608,794
Fair value adjustment	(477,940)
Cash on hand and in banks	261,907
Cash with fiscal agent	268
Cash in revolving fund	5,200
<b>Total</b>	<b>\$ 18,398,229</b>

**B. Policies and Practices**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**B. Policies and Practices (continued)**

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Merced County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Cash with Fiscal Agent** – This represents amounts held by a third-party custodian in the District’s name to be used for capital projects.

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$18,130,854. The average weighted maturity for this pool is 586 days.



**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were not rated.

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

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

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

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

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

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

The District's fair value measurements at June 30, 2022 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<u>\$ 18,130,854</u>
<b>Total</b>	<b><u>\$ 18,130,854</u></b>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal Government			
Categorical aid	\$ 340,585	\$ 326,832	\$ 667,417
State Government			
Apportionment	75,219	-	75,219
Categorical aid	144,847	47,888	192,735
Lottery	93,935	-	93,935
Local Government			
Other local sources	61,318	-	61,318
<b>Total</b>	<b>\$ 715,904</b>	<b>\$ 374,720</b>	<b>\$ 1,090,624</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balance July 01, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,671,212	\$ -	\$ -	\$ 1,671,212
Construction in progress	8,600,815	148,765	-	8,749,580
Total capital assets not being depreciated	10,272,027	148,765	-	10,420,792
Capital assets being depreciated				
Land improvements	3,136,431	-	-	3,136,431
Buildings & improvements	33,703,970	433,076	-	34,137,046
Furniture & equipment	2,351,014	394,586	-	2,745,600
Total capital assets being depreciated	39,191,415	827,662	-	40,019,077
Less: Accumulated depreciation				
Land improvements	2,891,464	22,344	-	2,913,808
Buildings & improvements	17,226,908	1,001,260	-	18,228,168
Furniture & equipment	1,432,104	231,147	-	1,663,251
Total accumulated depreciation	21,550,476	1,254,751	-	22,805,227
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 27,912,966</b>	<b>\$ (278,324)</b>	<b>\$ -</b>	<b>\$ 27,634,642</b>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 5 – INTERFUND TRANSACTIONS**

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

Individual interfund receivable and payable balances at June 30, 2022 were as follows:

	<u>Due From Other Funds</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>Due To Other Funds</u>			
General Fund	\$ -	\$ 99,784	\$ 99,784
Non-Major Governmental Funds	48,781	-	48,781
<b>Total</b>	<b>\$ 48,781</b>	<b>\$ 99,784</b>	<b>\$ 148,565</b>

Due from the General Fund to the Adult Education Fund for contribution to the fund.	\$ 99,784
Due from the Adult Education Fund to the General Fund to move expenditures to correct journal entry.	34,919
Due from the Cafeteria Fund to the General Fund for indirect costs.	13,862
<b>Total</b>	<b>\$ 148,565</b>

**B. Operating Transfers**

Interfund transfers for the year ended June 30, 2022 consisted of the following:

	<u>Interfund Transfers In</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>Interfund Transfers Out</u>			
General Fund	\$ -	\$ 99,784	\$ 99,784
Non-Major Governmental Funds	17,000	-	17,000
<b>Total</b>	<b>\$ 17,000</b>	<b>\$ 99,784</b>	<b>\$ 116,784</b>

Transfer from the General Fund to the Adult Education Fund for contribution to the fund.	\$ 99,784
Transfer from the Deferred Maintenance Fund to the General Fund to cover expenditures.	17,000
<b>Total</b>	<b>\$ 116,784</b>

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2022 consisted of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 264,096	\$ 3,276	\$ -	\$ 267,372
Construction	-	8,842	-	8,842
Vendors payable	700,383	2,309	-	702,692
Unmatured interest	-	-	236,076	236,076
<b>Total</b>	<b>\$ 964,479</b>	<b>\$ 14,427</b>	<b>\$ 236,076</b>	<b>\$ 1,214,982</b>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2022 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 274,289	\$ 3,050	\$ 277,339
State categorical sources	280,936	-	280,936
<b>Total</b>	<b>\$ 555,225</b>	<b>\$ 3,050</b>	<b>\$ 558,275</b>

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	<b>Balance July 01, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 12,570,000	\$ -	\$ 20,000	\$ 12,550,000	\$ 25,000
Unamortized premium	848,925	-	34,354	814,571	34,354
Total general obligation bonds	13,418,925	-	54,354	13,364,571	59,354
Certificates of participation	5,850,000	-	278,000	5,572,000	292,000
Financed purchases	302,065	-	133,452	168,613	101,631
Compensated absences	55,405	19,678	-	75,083	-
Net OPEB liability	3,417,859	25,315	-	3,443,174	-
Net pension liability	22,503,173	-	10,994,671	11,508,502	-
<b>Total</b>	<b>\$ 45,547,427</b>	<b>\$ 44,993</b>	<b>\$ 11,460,477</b>	<b>\$ 34,131,943</b>	<b>\$ 452,985</b>

- Payments on general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation and financed purchases are made in the General Fund.
- Payments for compensated absences are made in the General Fund and Cafeteria Fund.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$75,083. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. General Obligation Bonds**

The outstanding general obligation bonds of the District at June 30, 2022 are as follows:

<b>Series</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Bonds</b>			<b>Bonds Outstanding June 30, 2022</b>
					<b>Outstanding July 01, 2021</b>	<b>Additions</b>	<b>Deductions</b>	
2015A	4/29/2015	8/1/2044	2.0% - 5.0%	\$ 4,000,000	\$ 2,910,000	\$ -	\$ 20,000	\$ 2,890,000
2016B	12/8/2016	8/1/2046	2.0% - 5.0%	5,500,000	5,400,000	-	-	5,400,000
2018C	6/5/2018	8/1/2046	2.0% - 5.0%	4,500,000	4,260,000	-	-	4,260,000
					<b>\$ 12,570,000</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 12,550,000</b>

**GUSTINE UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**B. General Obligation Bonds (continued)**

On April 29, 2015, the District issued general obligation bonds in the amount of \$4,000,000 with interest rates ranging from 2.00 to 5.00 percent. At June 30, 2022, the principal balance outstanding was \$2,890,000.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 25,000	\$ 118,438	\$ 143,438
2024	30,000	117,888	147,888
2025	35,000	117,194	152,194
2026	40,000	116,200	156,200
2027	50,000	114,850	164,850
2028 - 2032	360,000	545,363	905,363
2033 - 2037	605,000	463,619	1,068,619
2038 - 2042	945,000	316,406	1,261,406
2043 - 2045	800,000	62,250	862,250
<b>Total</b>	<b>\$ 2,890,000</b>	<b>\$ 1,972,208</b>	<b>\$ 4,862,208</b>

On December 8, 2016, the District issued general obligation bonds in the amount of \$5,500,000 with interest rates ranging from 2.00 to 5.00 percent. At June 30, 2022, the principal balance outstanding was \$5,400,000.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ -	\$ 263,138	\$ 263,138
2024	-	263,138	263,138
2025	-	263,138	263,138
2026	25,000	262,638	287,638
2027	30,000	261,538	291,538
2028 - 2032	360,000	1,274,413	1,634,413
2033 - 2037	770,000	1,168,875	1,938,875
2038 - 2042	1,350,000	934,313	2,284,313
2043 - 2047	2,865,000	450,319	3,315,319
<b>Total</b>	<b>\$ 5,400,000</b>	<b>\$ 5,141,510</b>	<b>\$ 10,541,510</b>

On June 5, 2018, the District issued general obligation bonds in the amount of \$4,500,000 with interest rates ranging from 2.00 to 5.00 percent. At June 30, 2022, the principal balance outstanding was \$4,260,000.

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ -	\$ 184,756	\$ 184,756
2024	25,000	184,506	209,506
2025	45,000	183,806	228,806
2026	40,000	182,956	222,956
2027	50,000	181,994	231,994
2028 - 2032	385,000	873,256	1,258,256
2033 - 2037	715,000	779,644	1,494,644
2038 - 2042	1,160,000	609,959	1,769,959
2043 - 2047	1,840,000	246,250	2,086,250
<b>Total</b>	<b>\$ 4,260,000</b>	<b>\$ 3,427,127</b>	<b>\$ 7,687,127</b>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**C. Direct Placement Certificates of Participation**

On January 12, 2017, the District issued 2017 Refunding Direct Placement Certificates of Participation in the amount of \$6,875,000 with an interest rate of 3.50%. Future payments on the 2017 Refunding Certificates of Participation are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 292,000	\$ 192,483	\$ 484,483
2024	301,000	182,175	483,175
2025	305,000	171,588	476,588
2026	318,000	160,808	478,808
2027	331,000	149,573	480,573
2028 - 2032	1,838,000	564,270	2,402,270
2033 - 2037	2,187,000	215,705	2,402,705
<b>Total</b>	<b>\$ 5,572,000</b>	<b>\$ 1,636,602</b>	<b>\$ 7,208,602</b>

**D. Financed Purchases**

The District has entered into various financed purchases for buses and other vehicles. Future minimum payments under the financed purchases were as follows at June 30, 2022:

<u>Year Ended June 30,</u>	<u>Payment</u>
2023	\$ 107,329
2024	69,154
Total minimum payments	176,483
Less amount representing interest	(7,870)
Present value of minimum payments	<u>\$ 168,613</u>

**E. Other Postemployment Benefits**

The District's beginning net OPEB liability was \$3,417,859 and increased by \$25,315 during the year ended June 30, 2022. The ending net OPEB liability at June 30, 2022 was \$3,443,174. See Note 10 for additional information regarding the net OPEB liability.

**F. Net Pension Liability**

The District's beginning net pension liability was \$22,503,173 and decreased by \$10,994,671 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was \$11,508,502. See Note 11 for additional information regarding the net pension liability.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2022:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	\$ 5,000	\$ 200	\$ 5,200
Prepaid expenditures	164,878	-	164,878
Total non-spendable	<u>169,878</u>	<u>200</u>	<u>170,078</u>
Restricted			
Educational programs	2,557,996	120,618	2,678,614
Food service	-	754,282	754,282
Associated student body	-	261,907	261,907
Capital projects	-	2,727,941	2,727,941
Debt service	-	383,298	383,298
Total restricted	<u>2,557,996</u>	<u>4,248,046</u>	<u>6,806,042</u>
Committed			
Deferred maintenance	-	10,162	10,162
Total committed	<u>-</u>	<u>10,162</u>	<u>10,162</u>
Unassigned	10,965,390	-	10,965,390
<b>Total Fund Balance</b>	<u>\$ 13,693,264</u>	<u>\$ 4,258,408</u>	<u>\$ 17,951,672</u>

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

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

**A. Plan Description**

The Gustine Unified School District’s defined benefit OPEB plan, Gustine Unified School District Retiree Benefit Plan (the Plan) is a single-employer OPEB plan administered by the District. The District participates in the Self-Insured Schools of California (SISC) Trust, which is an agent multiple-employer OPEB plan administered by SISC. The Trust was established to provide governmental agencies in the state of California a mechanism for pre-funding Other Post- Employment Benefits (OPEB) liabilities. SISC issues a separate Financial Report and Schedules of Change in Fiduciary Net Position by Employer that are prepared in accordance with accounting principles generally accepted in the United States of America. Copies of the Self-Insured Schools of California Trust financial report may be obtained from the Self-Insured Schools of California – 2000 “K” Street, Bakersfield, CA 93303-1847.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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

**B. Benefits Provided**

The eligibility requirements and benefits provided by the Plan are described below.

	<b>Certificated including Management</b>	<b>Classified including Management and Confidential</b>
Benefit types provided	Medical only	Medical only
Duration of Benefits	To 65	To 65
Required Service	15 years	10years
Minimum Age	58-1/2	60
Dependent Coverage	Yes	Yes
District Contribution %	100% to cap	100% to cap
District Cap	Active cap	Active cap

**C. Contributions**

For the measurement period, the District contributed \$113,380 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	11
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	170
<b>Total number of participants**</b>	<b>181</b>

\*Information not provided

\*\*As of the June 30, 2022 valuation date

**E. Net OPEB Liability**

The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	\$ 3,629,643
Plan fiduciary net position	(186,469)
<b>District's net OPEB liability</b>	<b>\$ 3,443,174</b>

Plan fiduciary net position as a percentage of total OPEB liability 5.14%



**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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

**F. Investments**

The Plan discount rate was based on assumed long-term return on plan assets assuming 100% funding through the SISC Trust using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
US Large Cap	40%	7.545%
US Small Cap	20%	7.545%
Long-Term Corporate Bonds	25%	5.045%
Long-Term Government Bonds	10%	4.250%
Short-Term Government Fixed	5%	3.000%

**G. Actuarial Assumptions and Other Inputs**

The net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs.

**Economic assumptions:**

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.62%
Healthcare cost trend rates	4.00%

**Non-economic assumptions:**

*Mortality:*

Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

*Retirement rates:*

Certificated	2020 CalSTRS Retirement Rates Table
Classified	2017 CalPERS Retirement Rates for School Employees Table*
	2017 CalPERS Retirement Rates for Miscellaneous Employees**
Management*	2017 CalPERS Retirement Rates for School Employees Table*
	2017 CalPERS Retirement Rates for Miscellaneous Employees**

\*Hired before 1/1/2013

\*\*Hired after 12/31/2012

The actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during that period.

The discount rate was based on historic 23-year real rates of return for each asset class along with an assumed long-term inflation assumption. The expected investment return was offset by investment expenses of 50 basis points. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty-three years.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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

**H. Changes in Net OPEB Liability**

	<u>June 30, 2022</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 259,990
Interest on total OPEB liability	94,285
Difference between expected and actual experience	103,122
Changes of assumptions	(338,535)
Benefits payments	<u>(113,380)</u>
Net change in total OPEB liability	5,482
Total OPEB liability - beginning	<u>3,624,161</u>
Total OPEB liability - ending (a)	<u>\$ 3,629,643</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 113,380
Net investment income	(19,624)
Benefit payments	(113,380)
Administrative expenses	<u>(209)</u>
Net change in plan fiduciary net position	(19,833)
Plan fiduciary net position - beginning	<u>206,302</u>
Plan fiduciary net position - ending (b)	<u>\$ 186,469</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 3,443,174</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	5.14%
 Covered-employee payroll	\$ 13,766,836
 District's net OPEB liability as a percentage of covered-employee payroll	25.01%

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

The following presents the net OPEB liability of the Gustine Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62 percent) or one percentage point higher (4.62 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Valuation Discount Rate</b>	<b>1% Increase</b>
	<b>(2.62%)</b>	<b>(3.62%)</b>	<b>(4.62%)</b>
Net OPEB liability	\$ 3,758,879	\$ 3,443,174	\$ 3,148,185

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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

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

The following presents the net OPEB liability of the Gustine Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (3.00%)</b>	<b>Valuation Trend Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Net OPEB liability	\$ 2,997,201	\$ 3,443,174	\$ 3,974,895

**K. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the Gustine Unified School District recognized OPEB expense of \$296,317. At June 30, 2022, the Gustine Unified School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 102,941	\$ 747,560
Changes in assumptions	460,849	387,404
<b>Total</b>	<b>\$ 563,790</b>	<b>\$ 1,134,964</b>

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

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2023	\$ 39,092	\$ 83,668
2024	39,905	83,668
2025	37,893	83,668
2026	45,197	83,668
2027	38,801	83,668
Thereafter	362,902	716,624
<b>Total</b>	<b>\$ 563,790</b>	<b>\$ 1,134,964</b>

**GUSTINE UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS**

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

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 7,631,087	\$ 3,857,341	\$ 7,334,966	\$ 498,551
PERS Pension	3,877,415	929,360	1,594,920	440,659
<b>Total</b>	<u>\$ 11,508,502</u>	<u>\$ 4,786,701</u>	<u>\$ 8,929,886</u>	<u>\$ 939,210</u>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$1,820,064 for the year ended June 30, 2022.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,078,434 to CalSTRS.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,631,087
State's proportionate share of the net pension liability associated with the District	<u>3,839,747</u>
<b>Total</b>	<b><u>\$ 11,470,834</u></b>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.017 percent, which did not change from its proportion measured as of June 30, 2020.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

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

For the year ended June 30, 2022, the District recognized pension expense of \$498,551. In addition, the District recognized pension expense and revenue of \$(669,264) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 6,036,387
Differences between expected and actual experience	19,116	812,106
Changes in assumptions	1,081,244	-
Changes in proportion and differences between District contributions and proportionate share of contributions	936,917	486,473
District contributions subsequent to the measurement date	1,820,064	-
<b>Total</b>	<u>\$ 3,857,341</u>	<u>\$ 7,334,966</u>

The \$1,820,064 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 831,475	\$ 1,793,161
2024	757,202	1,633,522
2025	211,625	1,668,569
2026	118,391	1,893,270
2027	118,584	184,374
2028	-	162,070
<b>Total</b>	<u>\$ 2,037,277</u>	<u>\$ 7,334,966</u>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

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

\*20-year geometric average

**GUSTINE UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Discount Rate**

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

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

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

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	\$ 15,534,162	\$ 7,631,087	\$ 1,071,686

**Pension Plan Fiduciary Net Position**

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

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

**Benefits Provided**

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



**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Contributions**

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were \$700,889 for the year ended June 30, 2022

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

At June 30, 2022, the District reported a liability of \$3,877,415 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District’s proportion was 0.019 percent, which did not change from its proportion measured as of June 30, 2020. For the year ended June 30, 2022, the District recognized pension expense of \$440,659. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 1,488,036
Differences between expected and actual experience	115,751	9,141
Changes in proportion and differences between District contributions and proportionate share of contributions	112,720	97,743
District contributions subsequent to the measurement date	700,889	-
<b>Total</b>	<u>\$ 929,360</u>	<u>\$ 1,594,920</u>

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

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

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

The \$929,360 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 150,381	\$ 427,688
2024	38,114	392,536
2025	39,976	360,844
2026	-	413,852
<b>Total</b>	<b>\$ 228,471</b>	<b>\$ 1,594,920</b>

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

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

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

**Discount Rate**

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

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

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

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 6,537,866	\$ 3,877,415	\$ 1,668,670

**Pension Plan Fiduciary Net Position**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

**C. Construction Commitments**

As of June 30, 2022, the District had commitments with respect to unfinished capital projects related to bond projects.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District participates in three joint ventures under joint powers authorities (JPAs), the Self-Insured Schools of California (SISC III), the Merced County Schools Insurance Group I (MCSIG I), and the Central Region Schools Insurance Group (CRSIG). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022**

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**NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to pensions was \$4,786,701 and total deferred inflows related to pensions was \$8,929,886.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2022, total deferred outflows related to other postemployment benefits was \$563,790 and deferred inflows related to other postemployment benefits was \$1,134,964.

**NOTE 15 – SUBSEQUENT EVENTS**

**General Obligation Bonds**

In July 2022, the District issued \$3,125,297 of 2022 General Obligation Refunding Bonds, Series A and \$10,570,891 of 2022 General Obligation Refunding Bonds, Series B to refund the District's outstanding general obligation bonds. The 2022 General Obligation Refunding Bonds, Series A have an interest rate of 4.00% and maturity dates through August 1, 2043, and the 2022 General Obligation Refunding Bonds, Series B have an interest rate of 4.10% and maturity dates through August 1, 2045.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**GUSTINE UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 21,114,362	\$ 21,699,974	\$ 21,361,213	\$ (338,761)
Federal sources	4,641,709	10,241,354	2,763,020	(7,478,334)
Other state sources	3,765,761	4,503,183	4,855,591	352,408
Other local sources	357,450	435,238	660,440	225,202
<b>Total Revenues</b>	<b>29,879,282</b>	<b>36,879,749</b>	<b>29,640,264</b>	<b>(7,239,485)</b>
<b>EXPENDITURES</b>				
Certificated salaries	12,393,095	18,365,114	10,800,128	7,564,986
Classified salaries	4,326,090	3,946,916	3,219,523	727,393
Employee benefits	5,294,455	7,065,576	5,860,597	1,204,979
Books and supplies	1,403,023	2,413,749	1,559,951	853,798
Services and other operating expenditures	3,282,038	5,020,659	3,122,578	1,898,081
Capital outlay	338,978	2,183,385	442,191	1,741,194
Other outgo				
Excluding transfers of indirect costs	1,299,677	1,299,677	1,181,543	118,134
Transfers of indirect costs	(48,714)	(50,542)	(15,381)	(35,161)
<b>Total Expenditures</b>	<b>28,288,642</b>	<b>40,244,534</b>	<b>26,171,130</b>	<b>14,073,404</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,590,640</b>	<b>(3,364,785)</b>	<b>3,469,134</b>	<b>6,833,919</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	17,000	17,000
Other sources	300,000	300,000	-	(300,000)
Transfers out	(357,832)	(362,110)	(99,784)	262,326
<b>Net Financing Sources (Uses)</b>	<b>(57,832)</b>	<b>(62,110)</b>	<b>(82,784)</b>	<b>(20,674)</b>
<b>NET CHANGE IN FUND BALANCE</b>				
<b>Fund Balance - Beginning</b>	<b>10,794,245</b>	<b>10,794,245</b>	<b>10,794,245</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 12,327,053</b>	<b>\$ 7,367,350</b>	<b>\$ 14,180,595</b>	<b>\$ 6,813,245</b>

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

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Audit adjustments are not included in this schedule.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 259,990	\$ 264,215	\$ 296,207	\$ 267,666	\$ 173,874
Interest on total OPEB liability	94,285	81,215	111,940	98,667	128,594
Difference between expected and actual experience	103,122	-	(365,481)	-	-
Changes of assumptions	(338,535)	(81,237)	470,604	90,605	(620,231)
Benefits payments	(113,380)	(78,031)	(73,235)	(131,756)	(274,740)
Net change in total OPEB liability	5,482	186,162	440,035	325,182	(592,503)
Total OPEB liability - beginning	3,624,161	3,437,999	2,997,964	2,672,782	3,265,285
Total OPEB liability - ending (a)	\$ 3,629,643	\$ 3,624,161	\$ 3,437,999	\$ 2,997,964	\$ 2,672,782
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 113,380	\$ 78,031	\$ 73,235	\$ 131,756	\$ 274,740
Net investment income	(19,624)	46,543	(85)	9,523	11,657
Benefit payments	(113,380)	(78,031)	(73,235)	(131,756)	(274,740)
Administrative expenses	(209)	(178)	(157)	(150)	(145)
Net change in plan fiduciary net position	(19,833)	46,365	(242)	9,373	11,512
Plan fiduciary net position - beginning	206,302	159,937	160,179	150,806	139,294
Plan fiduciary net position - ending (b)	\$ 186,469	\$ 206,302	\$ 159,937	\$ 160,179	\$ 150,806
District's net OPEB liability - ending (a) - (b)	\$ 3,443,174	\$ 3,417,859	\$ 3,278,062	\$ 2,837,785	\$ 2,521,976
Plan fiduciary net position as a percentage of the total OPEB liability	5.14%	5.69%	4.65%	5.34%	5.64%
Covered-employee payroll	\$ 13,766,836	\$ 12,199,784	\$ 12,092,691	\$ 11,767,903	\$ 11,046,673
District's net OPEB liability as a percentage of covered-employee payroll	25.01%	28.02%	27.11%	24.11%	22.83%

See accompanying notes to required supplementary information.



**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net pension liability	0.017%	0.017%	0.016%	0.016%	0.016%	0.016%
District's proportionate share of the net pension liability	\$ 7,631,087	\$ 16,812,206	\$ 14,809,219	\$ 15,082,440	\$ 14,356,200	\$ 12,173,110
State's proportionate share of the net pension liability associated with the District	<u>3,839,747</u>	<u>8,666,624</u>	<u>8,079,483</u>	<u>8,635,444</u>	<u>8,493,075</u>	<u>6,930,910</u>
<b>Total</b>	<b>\$ 11,470,834</b>	<b>\$ 25,478,830</b>	<b>\$ 22,888,702</b>	<b>\$ 23,717,884</b>	<b>\$ 22,849,275</b>	<b>\$ 19,104,020</b>
District's covered payroll	\$ 9,385,888	\$ 9,392,370	\$ 8,993,923	\$ 8,584,261	\$ 8,478,732	\$ 7,635,210
District's proportionate share of the net pension liability as a percentage of its covered payroll	81.3%	179.0%	164.7%	175.7%	169.3%	159.9%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.1%

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

See accompanying notes to required supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net pension liability	0.019%	0.019%	0.019%	0.018%	0.018%	0.017%
District's proportionate share of the net pension liability	\$ 3,877,415	\$ 5,690,967	\$ 5,627,338	\$ 4,917,008	\$ 4,223,638	\$ 3,384,624
District's covered payroll	\$ 2,813,896	\$ 2,700,321	\$ 2,682,980	\$ 2,462,412	\$ 2,291,313	\$ 2,143,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.8%	210.8%	209.7%	199.7%	184.3%	157.9%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%

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

See accompanying notes to required supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 1,820,064	\$ 1,532,220	\$ 1,608,605	\$ 1,466,506	\$ 1,227,559	\$ 1,084,601
Contributions in relation to the contractually required contribution*	(1,820,064)	(1,532,220)	(1,608,605)	(1,466,506)	(1,227,559)	(1,084,601)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,763,032	\$ 9,385,888	\$ 9,392,370	\$ 8,993,923	\$ 8,584,261	\$ 8,478,731
Contributions as a percentage of covered payroll	16.91%	16.32%	17.13%	16.31%	14.30%	12.79%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 700,889	\$ 582,475	\$ 528,988	\$ 481,145	\$ 378,183	\$ 327,411
Contributions in relation to the contractually required contribution*	(700,889)	(582,475)	(528,988)	(481,145)	(378,183)	(327,411)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,003,804	\$ 2,813,896	\$ 2,700,321	\$ 2,682,980	\$ 2,462,412	\$ 2,291,313
Contributions as a percentage of covered payroll	23.33%	20.70%	19.59%	17.93%	15.36%	14.29%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Changes in Net OPEB Liability and Related Ratios**

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

**Schedule of the District Contributions for OPEB**

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

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuation.

**Changes in Assumptions**

The discount rate changed from 2.55% to 3.62% since the previous measurement.

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

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

**Changes in Benefit Terms**

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

**Changes in Assumptions**

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

**Schedule of District Contributions**

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

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2022, the District incurred no excesses of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

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## **SUPPLEMENTARY INFORMATION**

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**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected Adult Education	84.010	14329	\$ 648,405
Adult Education: Adult Basic Education & ESL	84.002A	14508	8,588
Adult Education: Adult Secondary Education	84.002	13978	845
Subtotal Adult Education			<u>9,433</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	97,229
Title III, English Learner Student Program	84.365	14346	39,240
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	2,420
Title VI, Part B, Rural & Low Income School Program	84.358	14356	35,044
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	361,178
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	82,149
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	20,594
ARP IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10169	4,684
Subtotal Special Education Cluster			<u>468,605</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	18,327
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	27,141
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	217,468
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	816,537
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	472,753
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	118,188
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	7,312
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	11,759
Subtotal Education Stabilization Fund Discretionary Grants			<u>1,671,158</u>
<b>Total U. S. Department of Education</b>			<u>2,989,861</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	354,430
National School Lunch Program	10.555	13391	776,267
USDA Commodities	10.555	*	65,811
Subtotal Child Nutrition Cluster			<u>1,196,508</u>
Pandemic EBT Local Administrative Grant	10.649	15644	3,063
NSLP Equipment Assistance Grants	10.579	14906	1,410
<i>Passed through California Department of Social Services:</i>			
CACFP Claims - Centers and Family Day Care	10.558	13393	345,606
<b>Total U. S. Department of Agriculture</b>			<u>1,546,587</u>
<b>Total Federal Expenditures</b>			<u>\$ 4,536,448</u>

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



**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Second Period Report</b>	<b>Revised Second Period Report*</b>	<b>Annual Report</b>	<b>Revised Annual Report*</b>
<b>SCHOOL DISTRICT</b>				
TK/K through Third				
Regular ADA	408.30	422.21	435.45	424.79
Special Education - Nonpublic Schools	-	15.95	16.82	16.82
<b>Total TK/K through Third</b>	<b>408.30</b>	<b>438.16</b>	<b>452.27</b>	<b>441.61</b>
Fourth through Sixth				
Regular ADA	335.85	346.24	348.79	348.78
Special Education - Nonpublic Schools	-	4.93	4.94	4.94
<b>Total Fourth through Sixth</b>	<b>335.85</b>	<b>351.17</b>	<b>353.73</b>	<b>353.72</b>
Seventh through Eighth				
Regular ADA	228.16	237.09	237.57	237.57
Special Education - Nonpublic Schools	-	2.00	2.00	2.00
<b>Total Seventh through Eighth</b>	<b>228.16</b>	<b>239.09</b>	<b>239.57</b>	<b>239.57</b>
Ninth through Twelfth				
Regular ADA	522.79	538.97	543.31	538.62
<b>Total Ninth through Twelfth</b>	<b>522.79</b>	<b>538.97</b>	<b>543.31</b>	<b>538.62</b>
<b>TOTAL SCHOOL DISTRICT</b>	<b>1,495.10</b>	<b>1,567.39</b>	<b>1,588.88</b>	<b>1,573.52</b>

\*The District has not revised the Second Period and Annual Attendance Reports. Refer to Finding #2022-002.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	45,940	180	Complied
Grade 1	50,400	54,865	180	Complied
Grade 2	50,400	54,865	180	Complied
Grade 3	50,400	54,865	180	Complied
Grade 4	54,000	56,470	180	Complied
Grade 5	54,000	56,470	180	Complied
Grade 6	54,000	63,966	180	Complied
Grade 7	54,000	61,710	180	Complied
Grade 8	54,000	61,710	180	Complied
Grade 9	64,800	66,250	180	Complied
Grade 10	64,800	66,250	180	Complied
Grade 11	64,800	66,250	180	Complied
Grade 12	64,800	66,250	180	Complied

See accompanying note to supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2023 (Budget)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 34,923,871	\$ 29,657,264	\$ 27,811,567	\$ 24,317,326
Expenditures And Other Financing Uses	33,841,491	26,270,914	24,048,423	22,622,475
Net change in Fund Balance	\$ 1,082,380	\$ 3,386,350	\$ 3,763,144	\$ 1,694,851
Ending Fund Balance	\$ 15,262,975	\$ 14,180,595	\$ 10,902,949	\$ 7,710,762
Available Reserves*	\$ 12,849,863	\$ 10,965,390	\$ 9,041,716	\$ 7,119,387
Available Reserves As A Percentage Of Outgo	37.97%	41.74%	37.60%	31.47%
Long-term Liabilities	\$ 33,678,958	\$ 34,131,943	\$ 45,547,427	\$ 43,956,574
Average Daily Attendance At P-2***	1,554	1,495	1,729	1,729

The General Fund ending fund balance has increased by \$6,469,833 over the past two years. The fiscal year 2022-23 budget projects a further increase of \$1,082,380. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-23 fiscal year. Total long-term obligations have decreased by \$9,824,631 over the past two years.

Average daily attendance has decreased by 234 ADA over the past two years. An increase of 59 ADA is anticipated during the 2022-23 fiscal year.

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

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

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund
June 30, 2022, annual financial and budget report fund balance	\$ 14,180,595	\$ 188,841	\$ 121,440	\$ 767,163	\$ 10,599	\$ 1	\$ 989,490	\$ 435,382
Adjustments and reclassifications:								
Increase (decrease) in total fund balances:								
Fair value adjustment - cash in county treasury	(431,159)	-	(822)	(13,534)	(437)	-	(36,908)	(12,611)
Accounts receivable (Resource 3210)	108,705	-	-	-	-	-	-	-
Cash in banks	-	73,066	-	-	-	-	-	-
Prepaid expenses	(164,878)	-	-	-	-	-	-	-
Accounts receivable decrease (Resource 5320)	-	-	-	(48,278)	-	-	-	-
Accounts receivable increase (Resource 5320)	-	-	-	5,505	-	-	-	-
Accounts receivable increase (Resource 5310)	-	-	-	43,626	-	-	-	-
Fund balance transfer (GASB 54)	1	-	-	-	-	(1)	-	-
Net adjustments and reclassifications	(487,331)	73,066	(822)	(12,681)	(437)	(1)	(36,908)	(12,611)
June 30, 2022, audited financial statement fund balance	\$ 13,693,264	\$ 261,907	\$ 120,618	\$ 754,482	\$ 10,162	\$ -	\$ 952,582	\$ 422,771

See accompanying note to supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Fund for Outlay
<b>ASSETS</b>								
Cash and investments	\$ 261,907	\$ 25,863	\$ 431,049	\$ 10,162	\$ 961,424	\$ 423,871	\$ 1,042,335	\$ -
Accounts receivable	-	32,739	341,981	-	-	-	-	-
Due from other funds	-	99,784	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 261,907</b>	<b>\$ 158,386</b>	<b>\$ 773,030</b>	<b>\$ 10,162</b>	<b>\$ 961,424</b>	<b>\$ 423,871</b>	<b>\$ 1,042,335</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Accrued liabilities	\$ -	\$ 1,209	\$ 3,276	\$ -	\$ 8,842	\$ 1,100	\$ -	\$ -
Due to other funds	-	34,919	13,862	-	-	-	-	-
Unearned revenue	-	1,640	1,410	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>37,768</b>	<b>18,548</b>	<b>-</b>	<b>8,842</b>	<b>1,100</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Non-spendable	-	-	200	-	-	-	-	-
Restricted	261,907	120,618	754,282	-	952,582	422,771	1,042,335	-
Committed	-	-	-	10,162	-	-	-	-
<b>Total Fund Balances</b>	<b>261,907</b>	<b>120,618</b>	<b>754,482</b>	<b>10,162</b>	<b>952,582</b>	<b>422,771</b>	<b>1,042,335</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 261,907</b>	<b>\$ 158,386</b>	<b>\$ 773,030</b>	<b>\$ 10,162</b>	<b>\$ 961,424</b>	<b>\$ 423,871</b>	<b>\$ 1,042,335</b>	<b>\$ -</b>

See accompanying note to supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Fund	Outlay
<b>REVENUES</b>									
Federal sources	\$ -	\$ 9,432	\$ 1,546,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other state sources	-	199,584	75,913	-	-	-	-	1,061,683	-
Other local sources	318,279	(543)	(11,155)	(224)	(28,983)	(9,607)	(24,654)	-	-
<b>Total Revenues</b>	<b>318,279</b>	<b>208,473</b>	<b>1,611,344</b>	<b>(224)</b>	<b>(28,983)</b>	<b>(9,607)</b>	<b>1,037,029</b>		
<b>EXPENDITURES</b>									
Current									
Instruction	-	31,419	-	-	-	-	-	-	-
Instruction-related services									
School site administration	-	158,107	-	-	-	-	-	-	-
Pupil services									
Food services	-	-	1,202,484	-	-	-	-	-	-
All other pupil services	-	10,333	-	-	-	-	-	-	-
General administration									
All other general administration	-	1,519	13,862	-	-	-	-	-	-
Plant services	-	-	-	-	-	3,000	-	-	-
Facilities acquisition and construction	-	-	-	76,735	284,925	12,678	-	-	-
Ancillary services	245,213	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>245,213</b>	<b>201,378</b>	<b>1,216,346</b>	<b>76,735</b>	<b>284,925</b>	<b>15,678</b>			
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>73,066</b>	<b>7,095</b>	<b>394,998</b>	<b>(76,959)</b>	<b>(313,908)</b>	<b>(25,285)</b>	<b>1,037,029</b>		
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	99,784	-	-	-	-	-	-	-
Transfers out	-	-	-	(17,000)	-	-	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>99,784</b>	<b>-</b>	<b>(17,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>73,066</b>	<b>106,879</b>	<b>394,998</b>	<b>(93,959)</b>	<b>(313,908)</b>	<b>(25,285)</b>	<b>1,037,029</b>		
<b>Fund Balance - Beginning</b>	<b>188,841</b>	<b>13,739</b>	<b>359,484</b>	<b>104,121</b>	<b>1,266,490</b>	<b>448,056</b>	<b>5,306</b>		
<b>Fund Balance - Ending</b>	<b>\$ 261,907</b>	<b>\$ 120,618</b>	<b>\$ 754,482</b>	<b>\$ 10,162</b>	<b>\$ 952,582</b>	<b>\$ 422,771</b>	<b>\$ 1,042,335</b>	<b>\$</b>	<b>\$</b>

See accompanying note to supplementary information.

**GUSTINE UNIFIED SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2022**

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The Gustine Unified School District was unified on January 25, 1971 and consists of an area comprising approximately 224 square miles. There were no changes in the boundaries of the District during the current year. The District is operating two elementary schools, one middle school, one high school, one continuation school, and one adult school.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Gary Silva	President	2022
Zachery Ramos	Clerk	2024
Kevin Bloom	Trustee	2022
Kevin Cordeiro	Trustee	2024
Loretta Rose	Trustee	2024

**DISTRICT ADMINISTRATORS**

Bryan Ballenger  
*Superintendent*

Mehdi Rizvi  
*Chief Business Officer*

**GUSTINE UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the 10 percent de minimis indirect cost rate.

**Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**Schedule of Instructional Time**

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

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**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.



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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

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

Independent Auditors' Report

Governing Board  
Gustine Unified School District  
Gustine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Gustine Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Gustine Unified School District's basic financial statements, and have issued our report thereon dated January 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gustine Unified 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 Gustine Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gustine Unified 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the Schedule of Audit Findings and Questioned Costs as Finding #2022-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gustine Unified 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*.

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92103

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## **Gustine Unified School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Gustine Unified School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Gustine Unified School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Christy White, Inc.*

San Diego, California  
January 31, 2023

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

Governing Board  
Gustine Unified School District  
Gustine, California

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited Gustine Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gustine Unified School District's major federal programs for the year ended June 30, 2022. Gustine Unified 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.

In our opinion, Gustine Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gustine Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Gustine Unified School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Gustine Unified School District's federal programs.

## ***Auditor's Responsibilities for the Audit for Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gustine Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Gustine Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gustine Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gustine Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Gustine Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Report on Internal Control Over Compliance (continued)**

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.

*Christy White, Inc.*

San Diego, California  
January 31, 2023

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
Gustine Unified School District  
Gustine, California

**Report on State Compliance*****Opinion on State Compliance***

We have audited Gustine Unified School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Gustine Unified School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, Gustine Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

***Basis for Opinion on State Compliance***

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Gustine Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on state compliance. Our audit does not provide a legal determination of Gustine Unified School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Gustine Unified School District's state programs.

**Auditor’s Responsibilities for the Audit of State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gustine Unified School District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Gustine Unified School District’s compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gustine Unified School District’s compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gustine Unified School District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Gustine Unified School District’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Gustine Unified School District’s compliance with the state laws and regulations related to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable



**Auditor's Responsibilities for the Audit of State Compliance (continued)**

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In-Person Instruction Grant	Yes
<b>Charter Schools</b>	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Continuation Education because the ADA reported at P2 did not meet the threshold for testing. The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2022-002 and #2022-003. Our opinion on state compliance is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Gustine Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Gustine Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## ***Report on 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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 Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
January 31, 2023

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425U	Education Stabilization Fund Discretionary Grants

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

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**GUSTINE UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

**FINDING 2022-001: ALLOCATION OF INDIRECT COSTS (30000)**

**Criteria:** The United States Department of Education (ED) has approved a delegation agreement with the California Department of Education (CDE) that authorizes the CDE to establish indirect cost rates for California's local educational agencies (LEAs). The rates may be used, as appropriate, to budget, allocate, and recover indirect costs for federal programs, grants, and other assistance as well as for state programs, subject to any restrictions that may govern the individual programs. A school district may use an indirect cost rate not to exceed the CDE approved rate.

**Condition:** In our testing of expenditures, we obtained the Indirect Cost Rates Charged to Programs (SACS Form ICR) and found the District was using indirect cost rates from a range of 2.33 to 2.86%; however, the District's CDE-approved rate for 2021-22 was 2.31%. Resource codes affected by the increased ICR include federal and state special education programs allocated in programs under resource codes 3010, 3310, 4203, and 6500.

**Cause:** Lack of oversight due to staff turnover.

**Effect:** District is not in compliance with charging of indirect costs and expenses were over allocated by approximately \$11,132.

**Repeat Finding:** This is not a repeat finding.

**Recommendations:** We recommend using the approved indirect cost rate established by the CDE when budgeting for program expenditures.

**Corrective Action Plan:** The District experienced turnover in CBO position right around year-end. This resulted in some entries made by past CBO while others were posted by the new one. The result was some overstatements in ICR. District is working on updating the documentation requirements for all activities, procedures, and entries. This will, in future, help ensuring that such overstatements are not repeated

**GUSTINE UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**  
50000

**AB 3627 FINDING TYPE**  
Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.

**GUSTINE UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

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

**FINDING #2022-002: ATTENDANCE REPORTING (10000)**

**Criteria:** The Second Period report submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

**Condition:** During the testing of average daily attendance for the District's Second Period and Annual Attendance Reports, the auditor noted errors resulting in the following:

	<b>Second Period Report ADA (Over)/Under Statement</b>	<b>Annual Report ADA (Over)/Under Statement</b>	<b>Derived Value of ADA</b>	<b>Questioned Cost</b>
<b>Grade Span</b>				
TK/Kindergarten through Third	29.86	(10.66)	\$ 12,024.63	\$ (359,055)
Fourth through Sixth	15.32	0.01	\$ 10,055.66	(154,053)
Seventh through Eighth	10.93	-	\$ 11,382.69	(124,413)
Ninth through Twelfth	16.18	(4.69)	\$ 13,534.61	(218,990)
	<u>72.29</u>	<u>(15.34)</u>		<u>\$ (856,511)</u>

**Cause:** Controls over attendance reporting are not in place to assure that the amounts reported on the Second Period and Annual Attendance Reports are accurate. Staff turnover may also be a contribution.

**Effect:** Incorrect reporting of Regular ADA in the Second Period and Annual Attendance Reports can result in noncompliance with state regulations.

**Questioned Costs:** The ADA understatement noted for the Second Period Attendance resulted in an estimated questioned cost of (\$856,511) owed to the District. The District is not funded on Annual Attendance, thus no estimated questioned cost was calculated. The District's Second Period and Annual Attendance Reports have not been revised to reflect the revised Second Period and Annual Reports listed on the Schedule of Average Daily Attendance.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that proper procedures be established to ensure that the data within the attendance system and data reported on the Second Period and Annual Attendance Reports are accurate.

**GUSTINE UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2022-002: ATTENDANCE REPORTING (10000) (continued)**

**Corrective Action Plan:** With the turnover in CBO position right around year-end, the District was finalizing the new attendance system AERIES. Now the Data Analyst has a better control on this system and the District has better systems and procedures in place regarding the utilization of AERIES and numbers and reports produced by it. This is going to help the District in future reporting

**FINDING #2022-003: CAREER TECHNICAL EDUCATION INCENTIVE GRANT (40000)**

**Criteria:** In accordance with Education Code section 53071(a), if the District received a CTEIG allocation, the District must include in its budget the full matching requirement (two dollars for every one dollar received).

**Condition:** In the 2021-22 year, the District did not meet the full matching requirement. The District had a budgeted allocation of \$40,062 and projected to expend \$71,263. The minimum required expenditure amount would be \$80,124.

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

**Cause:** Clerical oversight.

**Questioned Costs:** The questioned costs are the deficiency of \$8,861.

**Repeat Finding:** No, this is not a repeat finding.

**Recommendation:** We recommend that in the future, the District monitor its budget toward its CTEIG allocation against its total expenses to be sure it meets the CTEIG full matching requirement.

**Corrective Action Plan:** Due to turnover in CBO position, there was less conversation between the business services and coordinator of CTEIG which resulted in lower amount expended than required. District is working on updating the documentation requirements for all activities, procedures, and entries. This includes implementation of a new system Informed-K12. This is expected to remove any bottlenecks in proper communication between the business and program staff in future.



**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)**

**Criteria:** Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minimizing the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

Gustine High School

- There are a number of stale dated checks that have remained on the bank reconciliation. These checks are stale dated.
- One out of five cash receipts tested were lacking adequate supporting documentation to reconcile the sales to the amount of cash receipts.

**Cause:** Insufficient controls over student body activities.

**Effect:** The potential for irregularities in accounting to go undetected.

**Repeat Finding:** This is a repeat finding of Finding #2020-001.

**Recommendation:** We recommend that all ASB bank accounts be reconciled on a monthly basis and be reviewed by someone other than the ASB clerk. In addition, cash receipts should include adequate supporting documentation and reconcile to the amount of cash receipts should be done in a timely manner. The District should provide each student body account clerk with the Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**Corrective Action Plan:** The District is going through changes in the ASB. Currently the ASB clerk assigned is a previous ASE clerk. She knows how to manage ASB. Based on last year's finding, GUSD has improved in this area. The district still has not assigned an A/P specialist is still helping with ASB. CBO will work with ASB clerk monthly to make sure ASB is running smoothly and being encouraged by clerk and CBO will check in on those audits.

**Current Status:** Implemented.

**FINDING #2021-002: ACCOUNTS PAYABLE INTERNAL CONTROLS (30000)**

**Criteria:** Sound internal controls dictate that accounts payable accruals are short term in nature and should be cleared or reversed and properly recorded in accordance with generally accepted accounting principles.

**Condition:** During testing of the accounts payable detail provided by the client, we noted prior year accounts payable balances were not cleared as of 6/30, 2021.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-002: ACCOUNTS PAYABLE INTERNAL CONTROLS (30000) (continued)**

**Cause:** Insufficient internal controls over balance sheet accounts.

**Effect:** Lack of proper internal controls can lead to accounting irregularities to go undetected and increase risk of misstatement.

**Repeat Finding:** This is a repeat finding of Finding #2020-002.

**Recommendation:** We recommend the District implement procedures to ensure prior year accounts be cleared or reversed record ending balances in accordance with generally accepted accounting principles.

**Corrective Action Plan:** The District has improved in this area with the help of MCOE and realizing the District has to ask MCOE to be run at the district level. Also, the District will need to handle the outstanding PO's in a different manner in order to avoid this finding.

**Current Status:** Implemented.

**FINDING #2021-003: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for free or reduced-price meals. The District is required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2019-20 Guide for Annual Agency and State Compliance Reporting.

**Condition:** Eleven (11) out of 60 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report did not have proper supporting documentation to justify their designation. The error rate of 11/60 or 18.3% was extrapolated to all students only classified as free or reduced. The total extrapolated error rate indicated that a total of 53 students that were not properly documented.

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

**Cause:** The District experienced turnover in positions during the previous year. In addition, the District could not locate supporting documentation for all students as free or reduced on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report.

**Questioned Costs:** \$29,034, as calculated on the next page.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINDING #2021-003: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)**

**Questioned Costs: (continued)**

Total Adjusted Enrollment from the UPP exhibit as of P-2	
Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	
Audit Adjustment - Number of Enrollment	
Audit Adjustment - Number of Unduplicated Pupil Count	
Revised Adjusted Enrollment	
Revised Adjusted Unduplicated Pupil Count	
UPP calculated as of P-2	
Revised UPP for audit finding	
<b>Charter Schools Only: Determinative School District Concentration Cap</b>	
Revised UPP adjusted for Concentration Cap	
Supplemental and Concentration Grant TK/K-3 ADA	508.41
Supplemental and Concentration Grant 4-6 ADA	386.77
Supplemental and Concentration Grant 7-8 ADA	281.60
Supplemental and Concentration Grant 9-12 ADA	575.43
Adjusted Base Grant per TK/K-3 ADA	\$8,503
Adjusted Base Grant per 4-6 ADA	\$7,818
Adjusted Base Grant per 7-8 ADA	\$8,050
Adjusted Base Grant per 9-12 ADA	\$9,572
Supplemental Grant Funding calculated as of P-2	
Revised Supplemental Grant Funding for audit finding	
Supplemental Grant Funding audit adjustment	
Concentration Grant Funding calculated as of P-2	
Revised Concentration Grant Funding for audit finding	
Concentration Grant Funding audit adjustment	
Total Supplemental and Concentration audit adjustment	

**Repeat Finding:** This is a repeat finding of Finding #2020-003.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-003: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)**

**Recommendation:** We recommend that the District maintain supporting documentation to support student classification as f 1.18 FRPM/English Learner/Foster Youth – Student List Report. Additionally, the CALPADS reporting should be revised for documentation to support their classification as free or reduced before the close of the Fall I Amendment Window.

**Corrective Action Plan:** The base year was 18-19 for CEP and the only new forms would be the ones from newly enrolled s those 18-19 forms and for those few students, the forms could not be located. The District confirms with the new CBO thei place to prevent students from being incorrectly classified in the future. Training for site secretaries on Aeries steps and inpu turned in by families, assigning the Nutrition claims clerk to oversee and perform audits on student records quarterly for accu with forms on file.

**Current Status:** Implemented.

**FINDING #2021-004: CALIFORNIA CLEAN ENERGY JOBS ACT (40000)**

**Criteria:** Public Resource Code (PRC) Section 26240(b) requires an entity to submit a report of its project expenditures to t sooner than one year but no later than 15 months after an entity completes its first eligible project with a grant, loan, or other Fund.

**Condition:** Based on our review and testing for the CA Clean Energy Jobs Program, it was noted that the final expenditure re and Middle was not submitted within the required deadline between 12-to-15 months after the project completion date.

**Effect:** The District is not in compliance with PRC Section 26240(b) reporting requirements as outlined above.

**Cause:** Lack of adequate oversight over reporting requirements.

**Questioned Costs:** No questioned costs.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** The District should submit a final expenditure report to the Citizens Oversight Board for all completed C/

**Corrective Action Plan:** The District will complete the report as soon as possible for the projects.

**Current Status:** Implemented.

**GUSTINE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-005: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)**

**Criteria:** Pursuant to California Education Code Sections 32280 - 32289, All California public schools kindergarten and grade 1 through 5 must develop a comprehensive school safety plan approved by the board of directors by March 1 of the current 2018-19 school year. If a school does not develop and approve a comprehensive school safety plan by October 15, a letter must be submitted to the State Superintendent of Public Instruction.

**Condition:** In testing the comprehensive school safety plans at Gustine Middle and Gustine High School, the District could not determine if comprehensive school safety plans were approved prior to the required deadline of March 1 for the current audit year.

**Cause:** Insufficient review procedures in place during the implementation process.

**Effect:** The School District was untimely adhering to comprehensive school safety requirements per California Education Code.

**Questioned Costs:** None. The District approved the Comprehensive School Safety Plans on September 8, 2021.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the District continue to provide oversight and training to staff responsible for implementing comprehensive school safety plans in a timely manner.

**Corrective Action Plan:** The district office will follow up by February of each year with each site to ensure they are holding and approving their Comprehensive safety plan for the new year.

**Current Status:** Implemented.