



Financial Statements
June 30, 2022

El Monte Union High School District

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	21
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	66
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	67
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program	68
Schedule of the District's Proportionate Share of the Net Pension Liability	69
Schedule of the District's Contributions	70
Notes to Required Supplementary Information	71
Supplementary Information	
Schedule of Expenditures of Federal Awards	73
Local Education Agency Organization Structure	75
Schedule of Average Daily Attendance	76
Schedule of Instructional Time	77
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	78
Schedule of Financial Trends and Analysis	79
Combining Balance Sheet – Non-Major Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	82
Notes to Supplementary Information	84
Independent Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	88
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	88
Independent Auditor's Report on State Compliance	92

Schedule of Findings and Questioned Costs

Summary of Auditor's Results	97
Financial Statement Findings	99
Federal Awards Findings and Questioned Costs	104
State Compliance Findings and Questioned Costs	106
Summary Schedule of Prior Audit Findings.....	108



Independent Auditor's Report

To the Governing Board
El Monte Union High School District
El Monte, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Monte Union High 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.

Correction of Error

As discussed in Note 18 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for receivables as of June 30, 2021, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021 to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the El Monte Union High School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balance as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

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 El Monte Union High 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.

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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 El Monte Union High 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Monte Union High 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 management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Monte Union High School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of El Monte Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Monte Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Monte Union High School District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
February 28, 2023

This section of El Monte Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

El Monte Union High School District Board of Trustees approved a new round of funding in 2021-2022 to support a number of facilities improvements on every EMUHSD campus.

EMUHSD has engaged in a sweeping modernization program to ensure high schools across the District are attractive, in good repair, are safe, and support the latest technology in computer infrastructure and science instruction. The campus improvements are funded by two voter-supported facilities bonds: Measure D, approved in 2008 for \$148 million, and Measure HS, which was approved in 2018 for \$190 million.

- **Fernando R. Ledesma High School** is receiving a new multipurpose building, which will include gymnasium space, bleachers, weight room, full basketball court, and classrooms. This project has a completion date of January 2022.
- **Rosemead High School** is set for the installation of their new synthetic football field, repairs to their rubberized track, and new concession stand. The track and field were completed in September 2021 and the estimated completion of the concession stand building is December 2021.
- **Mountain View High School's** upgrades to be conducted over the next year will include infrastructure improvements, exterior enhancements such as a new quad and safer site access, softball/baseball field improvements, complete modernization of Building K which includes new science labs to support student learning, girls locker room improvements, and improvements to Building B. Other projects, such as the cafetorium renovation and new track and field facilities, are still in the finalizing stage awaiting State review.
- **South El Monte High School's** classrooms will see new flooring, ceiling, and lighting, exterior painting, roofing, and plumbing, installation of a greenhouse, a new quad, and upgrades to the library. SEMHS improvements are still in the planning and design phases. New quad project to start at the beginning of 2022.
- **El Monte High School** projects still in the planning phase include a new welcome center, a new artificial track and field, with upgrades to classrooms, science buildings, gym, auditorium, band, and choir.
- **Arroyo High School** is in the final design approval phase of new track and field facilities, and in the planning phases for gym modernization, upgraded music/theatre building, administration building modernization, the addition of a green house, and plumbing/roofing/painting of classroom buildings.
- The **District Office** celebrated the acquisition of 11 all-electric buses in August 2021 as one of three districts across the state awarded \$9.8 million in grant funding by the California Air Resources Board for the Clean Mobility in Schools project promoting zero-emission transportation and that includes building infrastructure for electric charging buses and electric battery storages at every district school site. The District Office also unveiled the Community Education Center in September 2021.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$49,667,904 for the fiscal year ended June 30, 2022. Of this amount, \$(90,382,186) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as Restated
Assets		
Current and other assets	\$256,183,831	\$ 196,411,096
Capital assets and right-to-use leased assets	239,417,672	226,528,187
Total assets	495,601,503	422,939,283
 Deferred outflows of resources	 37,831,876	 46,030,680
Liabilities		
Current liabilities	18,501,720	34,954,504
Long-term liabilities	398,801,342	384,193,775
Total liabilities	417,303,062	419,148,279
 Deferred inflows of resources	 66,462,413	 10,278,669
Net Position		
Net investment in capital assets	109,155,181	110,651,984
Restricted	30,894,909	23,272,422
Unrestricted (deficit)	(90,382,186)	(94,381,391)
Total net position	\$ 49,667,904	\$ 39,543,015

The \$(90,382,186) in unrestricted (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted net (deficit) position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 4.2% (\$(90,382,186) compared to \$(94,381,391)).

Changes in Net Position

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

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	\$ 72,036	\$ 156,532
Operating grants and contributions	55,825,136	59,748,931
Capital grants and contributions	1,402,674	-
General revenues		
Federal and State aid not restricted	94,022,406	84,494,609
Property taxes	37,248,929	39,582,655
Other general revenues	(5,427,852)	6,450,060
Total revenues	<u>183,143,329</u>	<u>190,432,787</u>
Expenses		
Instruction-related	102,473,579	108,177,681
Pupil services	24,281,488	20,350,252
Administration	9,506,365	9,828,449
Plant services	18,790,793	18,199,344
All other services	<u>17,966,215</u>	<u>11,353,151</u>
Total expenses	<u>173,018,440</u>	<u>167,908,877</u>
Change in net position	<u><u>\$ 10,124,889</u></u>	<u><u>\$ 22,523,910</u></u>

*The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$173,018,440. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$37,248,929 because the cost was paid by those who benefited from the programs \$72,036 or by other governments and organizations who subsidized certain programs with grants and contributions \$57,227,810. We paid for the remaining "public benefit" portion of our governmental activities with \$88,594,554 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 102,473,579	\$ 108,177,681	\$ 66,464,427	\$ 65,590,816
Pupil services	24,281,488	20,350,252	11,926,988	10,454,254
Administration	9,506,365	9,828,449	7,228,487	8,364,140
Plant services	18,790,793	18,199,344	15,722,599	13,223,948
All other services	17,966,215	11,353,151	14,376,093	10,370,256
Total	<u>\$ 173,018,440</u>	<u>\$ 167,908,877</u>	<u>\$ 115,718,594</u>	<u>\$ 108,003,414</u>

*The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$236,611,273 which is an increase of \$74,458,300 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 01, 2021 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	\$ 62,896,957	\$ 154,227,602	\$ 150,233,912	\$ 66,890,647
Building Fund	64,331,217	83,094,838	14,421,279	133,004,776
Student Activity Fund	785,881	3,302,794	3,085,827	1,002,848
Adult Education Fund	11,029,160	12,854,921	13,544,611	10,339,470
Cafeteria Fund	1,068,882	5,940,744	5,233,566	1,776,060
Deferred Maintenance Fund	3,776,496	1,635,653	390,179	5,021,970
Capital Facilities Fund	1,015,172	691,563	506,482	1,200,253
County School Facilities	-	1,346,499	7,983	1,338,516
Special Reserve Fund for Capital Outlay Projects	13,584,564	2,377,768	6,819,610	9,142,722
Bond Interest and Redemption Fund	3,664,644	33,109,473	29,880,106	6,894,011
Total	<u>\$ 162,152,973</u>	<u>\$ 298,581,855</u>	<u>\$ 224,123,555</u>	<u>\$ 236,611,273</u>

The primary reasons for these increases are:

1. Coronavirus Aid, Relief, and Economic Security (CARES) Act allocations
2. Decreased student activity for lingering pandemic reduced pupil undertakings
3. Decreased pupil transportation expenses for lingering effects of the pandemic on virtual learning and nationwide driver shortage
4. Bond construction projects and facilities improvement delays attributed to the COVID-19 pandemic

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the 2021-2022 budget was made to the unaudited actuals adopted on September 7, 2022 (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 66).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had \$239,417,672 in a broad range of capital assets (net of depreciation) and right-to-use leased assets (net of amortization), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$12,889,485, or 5.7%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as Restated
Land and construction in progress	\$ 50,750,877	\$ 36,853,770
Buildings and improvements	180,329,541	183,890,199
Equipment	8,337,254	5,784,218
Total	<u>\$ 239,417,672</u>	<u>\$ 226,528,187</u>

This year's additions of \$22,171,922 included several vehicles, cafeteria equipment and classroom equipment such as computers. Proceeds from prior year's issuance of general obligation bonds will be used for modernization, renovation, and construction of various school facilities in accordance with voter approved measures. We present more detailed information about our capital assets in notes to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$398,801,342 in long-term liabilities outstanding versus \$384,193,775 last year, an increase of 4.2%. We present more detailed information about our long-term obligation in the notes to the financial statements. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as Restated
Long-Term Liabilities		
General obligation bonds	\$ 262,700,646	\$ 178,785,630
Unamortized premiums/(discounts)	18,021,525	14,830,959
Financed purchase agreements	10,145,000	10,350,000
Leases	250,019	359,510
Compensated absences	2,311,398	1,946,534
Net other postemployment benefits liability	30,242,069	31,843,638
Aggregate net pension liability	75,130,685	146,077,504
 Total	 <u>\$ 398,801,342</u>	 <u>\$ 384,193,775</u>

The District's general obligation bond rating continues to be "Aa3." The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below the statutorily-imposed limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Assumptions for the 2022-2023 Proposed Budget include:

- Funding for the LCAP projected at \$124,128,243.
- Funding to address the needs of unduplicated counts of pupils which include English Learners, Free and Reduced-Price Eligible Students, and Foster Youth via the proportionality calculation.
- Step and column increase for employees effective July 1, 2022.
- An increase in the employer contribution rate from 16.92% to 19.10% for CalSTRS, and an increase in the employer contribution rate from 22.91% to 25.37% for CalPERS.
- Contributions to restricted maintenance equivalent to 3.0% of general fund expenditures.
- Mandated Block Grant funding at \$67.31/ADA

Multi-year projections for the two subsequent years, FY 2021-2022 and FY 2022-2023, include:

- Continued 100% implementation of the LCFF funding model.
- Funding for unduplicated counts of pupils based on the proportionality calculation.
- Increased contributions to restricted maintenance at the minimum 3.0% equivalent of general fund expenditures in the prior fiscal period.
- Additional 5.0% increase through multi-years for all utilities, Property & Liability, and 5.0% for Health & Welfare benefits.
- The sum of inter-fund transfers to Funds 14 and 21 in FY 2022-2023 is projected at \$1,134,286, in FY 2023-2024 projected at \$1,149,298, and in FY 2024-2025 projected at \$1,149,298.

Enrollment, ADA, and Staff planning factors by fiscal year are available online on the District's website.

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 Assistant Superintendent, Business Services, at El Monte Union High School District, located at 3537 Johnson Ave., El Monte, California, 91731, or e-mail at wael.elatar@emuhsd.org.

El Monte Union High School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Deposits and investments	\$ 239,064,465
Receivables	12,839,701
Stores inventories	1,770,578
Other current assets	637,091
Lease receivable	1,871,996
Capital assets not depreciated	50,750,877
Capital assets, net of accumulated depreciation	188,417,904
Right-to-use leased assets, net of accumulated amortization	248,891
Total assets	<u>495,601,503</u>
Deferred Outflows of Resources	
Deferred charges on refunding	6,378,426
Deferred outflows of resources related to OPEB	3,102,045
Deferred outflows of resources related	28,351,405
Total deferred outflows of resources	<u>37,831,876</u>
Liabilities	
Accounts payable	14,975,484
Interest payable	801,158
Unearned revenue	2,725,078
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	8,537,707
Long-term liabilities other than OPEB and pensions due in more than one year	284,890,881
Other postemployment benefits (OPEB) liability	30,242,069
Aggregate net pension liability	75,130,685
Total liabilities	<u>417,303,062</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,792,162
Deferred inflows of resources related to pensions	61,798,255
Deferred inflows of resources related to leases	1,871,996
Total deferred inflows of resources	<u>66,462,413</u>
Net Position	
Net investment in capital assets	109,155,181
Restricted for	
Debt service	6,092,853
Capital projects	2,538,769
Educational programs	9,281,555
Adult education	10,231,841
Other activities	2,749,891
Unrestricted (deficit)	(90,382,186)
Total net position	<u>\$ 49,667,904</u>

El Monte Union High School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 86,250,145	\$ 11,954	\$ 27,369,234	\$ 1,402,674	\$ (57,466,283)
Instruction-related activities					
Supervision of instruction	6,364,344	1,378	3,592,532	-	(2,770,434)
Instructional library, media, and technology	615,441	74	41,850	-	(573,517)
School site administration	9,243,649	5,860	3,583,596	-	(5,654,193)
Pupil services					
Home-to-school transportation	2,044,202	-	29,762	-	(2,014,440)
Food services	5,050,487	5,130	6,014,321	-	968,964
All other pupil services	17,186,799	908	6,304,379	-	(10,881,512)
Administration					
Data processing	2,718,943	8,899	183,585	-	(2,526,459)
All other administration	6,787,422	1,316	2,084,078	-	(4,702,028)
Plant services	18,790,793	6,170	3,062,024	-	(15,722,599)
Ancillary services	6,501,169	7	3,387,298	-	(3,113,864)
Community services	54,125	1,072	2,141	-	(50,912)
Enterprise services	42	-	-	-	(42)
Interest on long-term liabilities	11,048,135	-	-	-	(11,048,135)
Other outgo	362,744	29,268	170,336	-	(163,140)
Total governmental activities	<u>\$ 173,018,440</u>	<u>\$ 72,036</u>	<u>\$ 55,825,136</u>	<u>\$ 1,402,674</u>	<u>(115,718,594)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					22,689,146
Property taxes, levied for debt service					13,585,895
Taxes levied for other specific purposes					973,888
Federal and State aid not restricted to specific purposes					94,022,406
Interest and investment earnings					(8,252,400)
Miscellaneous					<u>2,824,548</u>
Subtotal, general revenues and subventions					<u>125,843,483</u>
Change in Net Position					10,124,889
Net Position - Beginning, as Restated					<u>39,543,015</u>
Net Position - Ending					<u>\$ 49,667,904</u>

El Monte Union High School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 66,562,795	\$ 135,523,238	\$ 36,978,432	\$ 239,064,465
Receivables	10,893,325	388,001	1,558,375	12,839,701
Stores inventories	1,639,232	-	131,346	1,770,578
Other current assets	637,091	-	-	637,091
Lease receivable	1,871,996	-	-	1,871,996
Total assets	\$ 81,604,439	\$ 135,911,239	\$ 38,668,153	\$ 256,183,831
Liabilities, Deferred inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 10,116,718	\$ 2,906,463	\$ 1,952,303	\$ 14,975,484
Unearned revenue	2,725,078	-	-	2,725,078
Total liabilities	12,841,796	2,906,463	1,952,303	17,700,562
Deferred inflows of Resources				
Deferred inflows of resources related to leases	1,871,996	-	-	1,871,996
Fund Balances				
Nonspendable	1,669,232	-	136,646	1,805,878
Restricted	9,281,555	133,004,776	22,414,512	164,700,843
Committed	26,577,838	-	5,021,970	31,599,808
Assigned	10,000,000	-	9,142,722	19,142,722
Unassigned	19,362,022	-	-	19,362,022
Total fund balances	66,890,647	133,004,776	36,715,850	236,611,273
Total liabilities, deferred inflows of resources, and fund balances	\$ 81,604,439	\$ 135,911,239	\$ 38,668,153	\$ 256,183,831

El Monte Union High School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds		\$ 236,611,273
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 383,552,884	
Accumulated depreciation is	<u>(144,384,103)</u>	
Net capital assets		239,168,781
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds		
The cost of right-to-use leased assets is	359,510	
Accumulated amortization is	<u>(110,619)</u>	
Net right-to-use leased assets		248,891
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(801,158)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred amount on refunding	6,378,426	
Other postemployment benefits (OPEB) liability	3,102,045	
Aggregate net pension liability	<u>28,351,405</u>	
Total deferred outflows of resources		37,831,876
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(2,792,162)	
Aggregate net pension liability	<u>(61,798,255)</u>	
Total deferred inflows of resources to pensions		(64,590,417)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(75,130,685)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(30,242,069)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(241,229,149)	
Unamortized premium on issuance	(18,120,368)	
Unamortized discount on issuance	98,843	
Financed purchase agreement	(10,145,000)	
Leases	(250,019)	
Compensated absences (vacations)	(2,311,398)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(21,471,497)</u>	
Total long-term liabilities		<u>(293,428,588)</u>
Total net position - governmental activities		<u>\$ 49,667,904</u>

El Monte Union High School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 114,859,656	\$ -	\$ -	\$ 114,859,656
Federal sources	16,574,305	-	7,277,163	23,851,468
Other State sources	17,171,266	-	13,947,406	31,118,672
Other local sources	5,622,375	(4,878,806)	17,836,226	18,579,795
Total revenues	154,227,602	(4,878,806)	39,060,795	188,409,591
Expenditures				
Current				
Instruction	81,077,719	-	6,724,528	87,802,247
Instruction-related activities				
Supervision of instruction	6,190,128	-	839,621	7,029,749
Instructional library, media, and technology	656,144	-	-	656,144
School site administration	7,228,470	-	2,756,942	9,985,412
Pupil services				
Home-to-school transportation	2,139,321	-	-	2,139,321
Food services	8,065	-	5,168,887	5,176,952
All other pupil services	17,863,194	-	534,041	18,397,235
Administration				
Data processing	2,872,426	-	-	2,872,426
All other administration	6,134,010	-	598,218	6,732,228
Plant services	16,637,190	-	2,217,178	18,854,368
Ancillary services	3,569,936	-	3,085,827	6,655,763
Community services	54,125	-	-	54,125
Other outgo	233,251	-	129,493	362,744
Enterprise services	-	-	42	42
Facility acquisition and construction	2,007,199	12,950,279	7,602,968	22,560,446
Debt service				
Principal	109,491	205,000	8,680,000	8,994,491
Interest and other	11,168	1,266,000	6,840,106	8,117,274
Total expenditures	146,791,837	14,421,279	45,177,851	206,390,967
Excess (Deficiency) of Revenues Over Expenditures	7,435,765	(19,300,085)	(6,117,056)	(17,981,376)
Other Financing Sources (Uses)				
Transfers in	-	709,700	2,792,381	3,502,081
Other sources - proceeds from general obligation (GO) bonds	-	86,806,221	14,360,000	101,166,221
Other sources - premium from GO bonds	-	457,723	5,046,239	5,503,962
Transfers out	(3,442,075)	-	(60,006)	(3,502,081)
Other uses - payment to escrow	-	-	(14,230,507)	(14,230,507)
Net Financing Sources (Uses)	(3,442,075)	87,973,644	7,908,107	92,439,676
Net Change in Fund Balances	3,993,690	68,673,559	1,791,051	74,458,300
Fund Balance - Beginning, as restated	62,896,957	64,331,217	34,924,799	162,152,973
Fund Balance - Ending	\$ 66,890,647	\$ 133,004,776	\$ 36,715,850	\$ 236,611,273

See Notes to Financial Statements

El Monte Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 74,458,300

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

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

This is the amount by which capital outlays exceed depreciation and amortization expenses in the period.

Capital outlays	\$ 22,171,922	
Depreciation and amortization expenses	<u>(9,282,437)</u>	

Net expense adjustment		12,889,485
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (364,864)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. 11,119,247

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (1,601,233)

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (101,166,221)

El Monte Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

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

Premium on issuance recognized	\$ (5,503,962)
Deferred charges on refunding recognized	1,546,299
Premium amortization	2,318,103
Discount amortization	(4,707)
Deferred charges on refunding amortization	(1,026,477)

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

General obligation bonds	20,640,000
Financed purchase agreement	205,000
Leases	109,491

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

(3,493,572)

Change in net position of governmental activities

\$ 10,124,889

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The El Monte Union High School District (the District) was organized in 1901 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 to 12 as mandated by the State and/or Federal agencies. The District operates five high schools, a continuation high school, an independent study program, a community day school, and an adult education program.

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

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. For financial reporting purposes, the component unit(s) described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it was part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The District has a financial and operational relationship with the Public Property Financing Corporation of California, as presented by the financed purchase agreement liability. The financial activity with respect to the financed purchase agreement liability is presented in the financial statements within the Building Fund. The financed purchase agreement liability is included as a long-term obligation in the government-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$1,062,396.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between both direct and indirect expenses and program revenues for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization on leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

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 the Los Angeles County Treasury Investment Pool is determined by the program sponsor.

Stores 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 funds when consumed rather than when purchased.

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2022. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$30,894,909 of restricted net position, which is restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles**Implementation of GASB Statement No. 87**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard are included in Notes 5, 6, and 11.

Implementation of GASB Statement No. 92

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

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

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 239,064,465
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\$ 239,064,465

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 1,002,848
Cash in revolving	35,300
Investments	238,026,317

238,026,317

Total deposits and investments	\$ 239,064,465
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\$ 239,064,465

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool. The Pool purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

The District maintains an investment of \$238,026,317 with the Los Angeles County Treasury Investment Pool which has an average weighted maturity of 933 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balances of \$955,127 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- 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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- 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 reasonably 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.

The District's investments with Los Angeles County Treasury were uncategorized.

Note 4 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 7,540,718	\$ -	\$ 1,366,554	\$ 8,907,272
State Government				
LCFF apportionment	498,650	-	-	498,650
Categorical aid	1,945,254	-	91,577	2,036,831
Lottery	258,433	-	-	258,433
Local Government				
Interest	185,559	388,001	77,645	651,205
Other local sources	464,711	-	22,599	487,310
Total	<u>\$ 10,893,325</u>	<u>\$ 388,001</u>	<u>\$ 1,558,375</u>	<u>\$ 12,839,701</u>

Note 5 - Capital Assets

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

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,439,111	\$ -	\$ -	\$ 9,439,111
Construction in progress	27,414,659	17,888,629	(3,991,522)	41,311,766
Total capital assets not being depreciated	36,853,770	17,888,629	(3,991,522)	50,750,877
Capital assets being depreciated				
Land improvements	17,169,001	-	-	17,169,001
Buildings and improvements	281,154,530	3,991,522	-	285,146,052
Furniture and equipment	26,203,661	4,283,293	-	30,486,954
Total capital assets being depreciated	324,527,192	8,274,815	-	332,802,007
Total capital assets	361,380,962	26,163,444	(3,991,522)	383,552,884
Accumulated depreciation				
Land improvements	(5,428,591)	(679,445)	-	(6,108,036)
Buildings and improvements	(109,004,741)	(6,872,735)	-	(115,877,476)
Furniture and equipment	(20,778,953)	(1,619,638)	-	(22,398,591)
Total accumulated depreciation	(135,212,285)	(9,171,818)	-	(144,384,103)
Net depreciable capital assets	189,314,907	(897,003)	-	188,417,904
Right-to-use leased assets being amortized				
Furniture and equipment	359,510	-	-	359,510
Accumulated amortization				
Furniture and equipment	-	(110,619)	-	(110,619)
Total accumulated amortization	-	(110,619)	-	(110,619)
Net right-to-use leased assets	359,510	(110,619)	-	248,891
Governmental activities capital assets and right-to-use leased assets, net	\$ 226,528,187	\$ 16,881,007	\$ (3,991,522)	\$ 239,417,672

El Monte Union High School District

Notes to Financial Statements

June 30, 2022

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

Governmental Activities	
Instruction	\$ 7,892,285
Supervision of instruction	2,434
School site administration	231,286
Home-to-school transportation	553
All other pupil services	231,618
Data processing	442
All other administration	460,803
Plant services	463,016
	<u> </u>
Total depreciation and amortization expenses governmental activities	<u><u>\$ 9,282,437</u></u>

Note 6 - Lease Receivables

Lease Receivable	July 1, 2021 as Restated	Addition	Deletion	June 30, 2022
El Monte High Cell Tower	\$ 98,561	\$ -	\$ (28,053)	\$ 70,508
Arroyo High Cell Tower	137,431	-	(22,393)	115,038
Rosemead High Cell Tower	90,708	-	(14,430)	76,278
El Monte High Auditorium Cellular Antenna	93,370	-	(14,928)	78,442
South El Monte High Auditorium Cellular Antenna	158,196	-	(25,852)	132,344
Arroyo High Cellular Phone Light Pole	131,663	-	(25,507)	106,156
Rosemead Adult Center	-	1,388,099	(713,215)	674,884
South El Monte High Billboard	808,814	-	(190,468)	618,346
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 1,518,743</u></u>	<u><u>\$ 1,388,099</u></u>	<u><u>\$ (1,034,846)</u></u>	<u><u>\$ 1,871,996</u></u>

El Monte High Cell Tower

The District leases a portion of its facilities for a cellular tower. The lease is for a term of 5 years. The agreement allows for 3% annual increases to the lease payments. During the fiscal year, the District recognized \$28,053 in lease revenues and \$3,104 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$70,508 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Arroyo High Cell Tower

The District leases a portion of its facilities for a cellular tower. The lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$22,393 in lease revenues and \$4,628 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$115,038 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Rosemead High Cell Tower

The District leases a portion of its facilities for a cellular tower. The lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$14,430 in lease revenues and \$3,064 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$76,278 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

El Monte High Auditorium Cell Tower

The District leases a portion of its facilities for a cellular tower. The lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$14,928 in lease revenues and \$3,146 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$78,442 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

South El Monte High Auditorium Cell Tower

The District leases a portion of its facilities for a cellular tower. The lease is for a term of 20 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$25,852 in lease revenues and \$5,322 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$132,344 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Arroyo High Cellular Phone Light Pole

The District leases a portion of its facilities for a cellular phone light pole. The lease is for a term of 5 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$25,507 in lease revenues and \$4,359 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$106,156 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Rosemead Adult Center

The District leases a portion of its facilities. The lease is for a term of 2 years. During the fiscal year, the District recognized \$713,215 in lease revenues and \$40,079 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$618,346 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

South El Monte High Billboard

The District leases a portion of its facilities for a billboard. The lease is for a term of 5 years. The agreement allows for 3% annual increases to the lease payments. During the fiscal year, the District recognized \$190,468 in lease revenues and \$40,079 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$32,353 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Note 7 - Interfund Transactions

Operating Transfers

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

Transfer To	General Fund	Transfer From Non-Major Governmental Funds	Total
Building Fund	\$ 649,694	\$ 60,006	\$ 709,700
Non-Major Governmental Funds	2,792,381	-	2,792,381
Total	<u>\$ 3,442,075</u>	<u>\$ 60,006</u>	<u>\$ 3,502,081</u>

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to set aside money for future maintenance projects.	\$ 1,792,381
The General Fund transferred to the Building Fund for qualifying capital outlay costs.	649,694
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Project to set aside funds for future capital outlay projects	1,000,000
The Adult Education Non-Major Governmental Fund transferred to the Building Fund for qualifying capital outlay projects.	<u>60,006</u>
Total	<u>\$ 3,502,081</u>

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 4,180,914	\$ 5,223	\$ 400,872	\$ 4,587,009
Materials and supplies	2,078,164	1,105,431	158,130	3,341,725
Services	2,678,161	213,523	407,038	3,298,722
Capital outlay	84,160	1,582,286	977,785	2,644,231
Other vendor payables	1,095,319	-	8,478	1,103,797
Total	<u>\$ 10,116,718</u>	<u>\$ 2,906,463</u>	<u>\$ 1,952,303</u>	<u>\$ 14,975,484</u>

Note 9 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 1,035,615
State categorical aid	1,689,463
Total	<u>\$ 2,725,078</u>

Note 10 - Tax Revenue Anticipation Notes

The District issued \$12,000,000 of Series C-2 Tax Revenue Anticipation Notes, dated March 31, 2021, through the Los Angeles County Schools Pooled Financing Program. The notes mature on December 30, 2021, and yield 2.00% interest. The notes were sold to provide operating cash prior to the District's receipt of anticipated tax payments and other revenues. Repayment requirements state that principal and interest will be payable on the maturity date. At June 30, 2022, there were no outstanding notes.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
3/31/2021	2.00%	12/30/2021	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>

Note 11 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 178,785,630	\$ 104,555,016	\$ (20,640,000)	\$ 262,700,646	\$ 8,185,000
Premium on issuance	14,934,509	5,503,962	(2,318,103)	18,120,368	-
Discount on issuance	(103,550)	-	4,707	(98,843)	-
Financed purchase agreement	10,350,000	-	(205,000)	10,145,000	240,000
Leases	359,510	-	(109,491)	250,019	112,707
Compensated absences	1,946,534	364,864	-	2,311,398	-
Total	\$ 206,272,633	\$ 110,423,842	\$ (23,267,887)	\$ 293,428,588	\$ 8,537,707

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. Payments on the leases are made by the General Fund. Payments on financed purchase agreements are made by the Building Fund. The compensated absences will be paid by the General Fund, Building Fund, Adult Education Fund, and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/9/2012	6/1/2042	1.68 - 7.00%	\$ 30,337,787	\$ 47,556,333	\$ -	\$ 2,700,535	\$ (570,000)	\$ 49,686,868
9/2/2015	6/1/2032	2.00 - 5.25%	27,195,000	23,840,000	-	-	(13,640,000)	10,200,000
3/16/2016	6/1/2022	2.00 - 4.00%	5,260,000	1,230,000	-	-	(1,230,000)	-
3/16/2016	6/1/2034	2.00 - 5.00%	49,545,000	47,925,000	-	-	(700,000)	47,225,000
11/2/2017	6/1/2043	3.00 - 4.16%	10,895,098	10,489,297	-	66,369	(305,000)	10,250,666
5/7/2019	6/1/2049	4.00 - 5.00%	56,430,000	47,745,000	-	-	(3,740,000)	44,005,000
8/18/2021	6/1/2046	0.39 - 2.45%	33,496,221	-	33,496,221	621,891	-	34,118,112
8/18/2021	6/1/2050	4.00%	53,310,000	-	53,310,000	-	-	53,310,000
8/18/2021	6/1/2030	0.12 - 1.88%	14,360,000	-	14,360,000	-	(455,000)	13,905,000
				\$ 178,785,630	\$ 101,166,221	\$ 3,388,795	\$ (20,640,000)	\$ 262,700,646

2008, General Obligation Bonds, Series B

On November 2, 2017, El Monte Union High School District issued the 2008 General Obligation Bonds, Series B in the amount of \$30,337,787. The Series B bonds were issued as both capital appreciation and current interest bonds. The capital appreciation bonds were issued in the amount of \$28,572,787 with an accretion value of \$90,962,213 and an aggregate principal debt service balance of \$121,300,000. The bonds were issued at an aggregate price of \$31,435,668 (representing the principal amount of \$30,337,787 plus an original issuance premium of \$1,789,819, less cost of issuance of \$691,938). The bonds have a final maturity to occur on June 1, 2042 and interest rates of 1.68 to 7.00%. Proceeds from the sale of bonds were used to advance refund the District's 2011 Bond Anticipation Notes. At June 30, 2022, the principal outstanding, including accreted interest, was \$49,686,868.

2015 General Obligation Refunding Bonds

On September 2, 2015, El Monte Union High School District issued the 2015 General Obligation Refunding Bonds in the amount of \$27,195,000. The Refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$30,469,235 (representing the principal amount of \$27,195,000 plus an original issuance premium of \$3,504,885, less cost of issuance of \$230,650). The bonds have a final maturity to occur on June 1, 2032 and interest rates of 2.00 to 5.25%. Proceeds from the sale of bonds were used to provide current refunding of the District's outstanding 2002 General Obligation Bonds, Series A and advance refund the District's outstanding 2002 General obligation Bonds, Series C. The refunding resulted in a cumulative cash flow saving of \$3,395,588 over the life of the new debt and an economic gain of \$2,461,338 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2022, the principal outstanding was \$10,200,000.

2008 General Obligation Bonds, Series C

On March 16, 2016, El Monte Union High School District issued the 2008 General Obligation Bonds, Series C in the amount of \$5,260,000. The Series C bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$5,774,110 (representing the principal amount of \$5,260,000 plus an original issuance premium of \$574,591, less cost of issuance of \$60,481). The bonds have a final maturity to occur on June 1, 2022 and interest rates of 2.00 to 4.00%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2022, there was no remaining principal outstanding.

2016 General Obligation Refunding Bonds

On March 16, 2016, El Monte Union High School District issued the 2016 General Obligation Refunding Bonds in the amount of \$49,545,000. The Refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$56,854,917 (representing the principal amount of \$49,545,000 plus an original issuance premium of \$7,679,825, less cost of issuance of \$369,908). The bonds have a final maturity to occur on June 1, 2034 and interest rates of 2.00 to 5.00%. Proceeds from the sale of bonds were used to provide advance refunding of the District's outstanding 2008 General Obligation Bonds, Series A. The refunding resulted in a cumulative cash flow saving of \$9,812,075 over the life of the new debt and an economic gain of \$6,527,937 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2022, the principal outstanding was \$47,225,000.

2008 General Obligation Bonds, Series D

On August 18, 2021, El Monte Union High School District issued the 2008 General Obligation Bonds, Series D in the amount of \$10,895,098. The Series D bonds were issued as both current interest bonds and capital appreciation bonds. The capital appreciation bonds were issued in the amount of \$1,430,098 with an accretion value of \$1,754,902 and an aggregate principal debt balance of \$3,185,000. The bonds were issued at an aggregate price of \$10,527,797 (representing the principal amount of \$10,895,095 less an original issuance discount of \$122,378 and cost of issuance of \$244,923). The bonds have a final maturity to occur on June 1, 2043 and interest rates of 3.00 to 4.16%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2022, the principal outstanding, including accreted interest, was \$10,250,666.

2018 General Obligation Bonds, Series A

On May 7, 2019, El Monte Union High School District issued the 2018 General Obligation Bonds, Series A in the amount of \$56,430,000. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$62,022,997 (representing the principal amount of \$56,430,000 plus an original issuance premium of \$6,183,717, less cost of issuance of \$590,720). The bonds have a final maturity to occur on June 1, 2049 and interest rates of 4.00 to 5.00%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2022, the principal outstanding was \$44,005,000.

2008 General Obligation Bonds, Series E

On August 18, 2021, El Monte Union High School District issued the 2008 General Obligation Bonds, Series E in the amount of \$33,496,221. The Series E bonds were issued as capital appreciation bonds with an accretion value of \$24,053,779 and an aggregate principal debt balance of \$57,550,000. The bonds were issued at an aggregate price of \$33,202,935 (representing the principal amount of \$33,496,221 less cost of issuance of \$293,286). The bonds have a final maturity to occur on June 1, 2046 and interest rates of 0.39 to 2.45%. Proceeds from the sale of bonds will be used to modernize, repair, and construct school facilities. At June 30, 2022, the principal outstanding, including accreted interest, was \$34,118,112.

2018 General Obligation Bonds, Series B

On August 18, 2021, El Monte Union High School District issued the 2018 General Obligation Bonds, Series B in the amount of \$53,310,000. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$58,347,191 (representing the principal amount of \$53,310,000 plus an original issuance premium of \$5,503,962, less cost of issuance of \$466,771). The bonds have a final maturity to occur on June 1, 2050 with an interest rate of 4.00%. Proceeds from the sale of bonds will be used to modernize, repair, and construct school facilities. At June 30, 2022, the principal outstanding was \$53,310,000.

2021 General Obligation Refunding Bonds

On August 18, 2021, El Monte Union High School District issued the 2021 General Obligation Refunding Bonds in the amount of \$14,360,000. The Refunding Bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$14,230,507 (representing the principal amount of \$14,360,000 less cost of issuance of \$129,493). The bonds have a final maturity to occur on June 1, 2030 and interest rates of 0.12 to 1.88%. Proceeds from the sale of bonds were used to provide advance refunding of the District's outstanding 2015 General Obligation Refunding Bonds. The refunding resulted in a cumulative cash flow saving of \$988,350 over the life of the new debt and an economic gain of \$891,784 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2022, the principal outstanding was \$13,905,000.

Debt Service Requirements to Maturity

The bonds mature through 2050 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest to Maturity</u>	<u>Interest to Maturity</u>	<u>Total</u>
2023	\$ 8,155,591	\$ 29,409	\$ 7,007,707	\$ 15,192,707
2024	8,614,221	75,779	6,684,265	15,374,265
2025	6,169,461	140,539	6,342,508	12,652,508
2026	6,639,100	225,900	6,099,815	12,964,815
2027	7,398,578	331,422	5,739,087	13,469,087
2028-2032	46,288,368	3,956,632	25,228,702	75,473,702
2033-2037	39,583,457	21,276,543	18,691,694	79,551,694
2038-2042	45,210,241	48,004,759	14,958,050	108,173,050
2043-2047	74,531,629	22,628,371	8,376,150	105,536,150
2048-2050	20,110,000	-	1,146,085	21,256,085
Total	<u>\$ 262,700,646</u>	<u>\$ 96,669,354</u>	<u>\$ 100,274,063</u>	<u>\$ 459,644,063</u>

Financed Purchase Agreement

On December 1, 2017, El Monte Union High School District entered into a lease purchase agreement with the Public Property Financing Corporation of California in order to finance the acquisition, construction, and installation of solar photovoltaic systems at Arroyo High School, Mountain View High School, Rosemead High School, South El Monte High School, and Rosemead Adult School. Under the agreement, semi-annual debt services payment will commence beginning August 1, 2018 and end on August 1, 2042. At June 30, 2022, the principal outstanding was \$10,145,000.

El Monte Union High School District

Notes to Financial Statements

June 30, 2022

Future lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 240,000	\$ 494,288	\$ 734,288
2024	260,000	482,283	742,283
2025	280,000	469,298	749,298
2026	310,000	455,210	765,210
2027	330,000	439,898	769,898
2028-2032	2,055,000	1,925,823	3,980,823
2033-2037	2,830,000	1,340,150	4,170,150
2038-2042	3,470,000	566,318	4,036,318
2043	370,000	9,065	379,065
Total	<u>\$ 10,145,000</u>	<u>\$ 6,182,333</u>	<u>\$ 16,327,333</u>

Leases

The District has entered into an agreement to lease equipment. The District's liability on lease agreement is summarized below:

Lease	July 1, 2021 as Restated	Addition	Payments	Outstanding June 30, 2022
Copiers	<u>\$ 359,510</u>	<u>\$ -</u>	<u>\$ (109,491)</u>	<u>\$ 250,019</u>

Copiers

The District entered an agreement to lease copiers for 57 months, beginning December 1, 2019 and ending September 30, 2024. Under the terms of the lease, the District paid the monthly payments of \$10,055, which amounted to total principal and interest costs of \$120,660. The annual interest rate charged on the lease is 4.0%. At June 30, 2022, the District has recognized a right-to-use asset of \$248,891 and a lease liability of \$250,019 related to this agreement. During the fiscal year, the District recorded \$110,619 in amortization expense and \$11,168 in interest expense for the right-to-use of the copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 112,707	\$ 7,950	\$ 120,657
2024	117,300	3,359	120,659
2025	20,012	100	20,112
Total	<u>\$ 250,019</u>	<u>\$ 11,409</u>	<u>\$ 261,428</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$2,311,398.

Note 12 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 29,683,018	\$ 3,102,045	\$ 2,792,162	\$ 2,518,922
Medicare Premium Payment (MPP) Program	559,051	-	-	(165,387)
Total	<u>\$ 30,242,069</u>	<u>\$ 3,102,045</u>	<u>\$ 2,792,162</u>	<u>\$ 2,353,535</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	43
Active employees	<u>854</u>
Total	<u><u>897</u></u>

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the El Monte Union Educators Association (EMUEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, EMUEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid \$752,302 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$29,683,018 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% for 2022
Salary increases	3.00%, average, including inflation
Discount rate	3.69% for 2022
Healthcare cost trend rates	5.75% for 2022

The discount rate was based on the Fidelity 20 Years General Obligation Municipal Index.

Mortality rates were based on CalSTRS Experience Analysis from 2015-2018 for active and retired certificated employees. Mortality rates were based on CalPERS Experience Study from 1997-2015 for active and retired classified employees.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actual experience study from July 1, 2020 through June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	\$ 31,119,200
Service cost	1,655,207
Interest	654,751
Differences between expected and actual experience	180,812
Changes of assumptions or other inputs	(3,174,650)
Benefit payments	(752,302)
Net change in total OPEB liability	(1,436,182)
Balance, June 30, 2022	\$ 29,683,018

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022, change in inflation rate from 2.75% in 2021 to 3.00% in 2022, and change in health care trend rate of 4.00% in 2021 to 5.75% in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	\$ 32,272,330
Current discount rate (3.69%)	29,683,018
1% increase (4.69%)	27,273,933

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.75%)	\$ 26,266,485
Current healthcare cost trend rate (5.75%)	29,683,018
1% increase (6.75%)	33,673,227

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,518,922. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 551,584	-
Changes of assumptions	2,550,461	2,792,162
Total	\$ 3,102,045	\$ 2,792,162

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 208,964
2024	208,964
2025	208,964
2026	208,964
2027	80,651
Thereafter	(606,624)
Total	<u>\$ 309,883</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of \$559,051 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1402%, and 0.1487%, resulting in a net decrease in the proportionate share of 0.0085%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(165,387).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 616,228
Current discount rate (2.16%)	559,051
1% increase (3.16%)	510,199

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 508,392
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	559,051
1% increase (5.50% Part A and 6.40% Part B)	617,131

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 30,000	\$ -	\$ 5,300	\$ 35,300
Stores inventories	1,639,232	-	131,346	1,770,578
Total nonspendable	1,669,232	-	136,646	1,805,878
Restricted				
Legally restricted programs	9,281,555	-	-	9,281,555
Student activity	-	-	1,002,848	1,002,848
Adult education	-	-	10,231,841	10,231,841
Food service	-	-	1,747,043	1,747,043
Capital projects	-	133,004,776	2,538,769	135,543,545
Debt services	-	-	6,894,011	6,894,011
Total restricted	9,281,555	133,004,776	22,414,512	164,700,843
Committed				
Rising pension costs	10,000,000	-	-	10,000,000
Rising OPEB costs	5,000,000	-	-	5,000,000
Matching funds for State				
Construction	10,000,000	-	-	10,000,000
Electric buses	1,000,000	-	-	1,000,000
Deferred maintenance program	577,838	-	5,021,970	5,599,808
Total committed	26,577,838	-	5,021,970	31,599,808
Assigned				
Other	10,000,000	-	-	10,000,000
Capital outlay	-	-	9,142,722	9,142,722
Total assigned	10,000,000	-	9,142,722	19,142,722
Unassigned				
Reserve for economic uncertainties	4,507,017	-	-	4,507,017
Remaining unassigned	14,855,005	-	-	14,855,005
Total unassigned	19,362,022	-	-	19,362,022
Total	\$ 66,890,647	\$ 133,004,776	\$ 36,715,850	\$ 236,611,273

Note 14 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPA's) for its health and welfare benefits, and property and liability insurance. Refer to Note 17 for additional information regarding the JPA's.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in Merge Risk Management Joint Powers Authority (MERGE), public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in Merge Risk Management Joint Powers Authority (MERGE), a public entity risk pool for workers' compensation insurance coverage. The intent of the MERGE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the MERGE. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in MERGE. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with various commercial insurance carriers and participated in Southern California Schools Voluntary Employee Benefits Association (SCSVEBA), a public entity risk pool, to provide employee health benefits, including health, dental, vision, and other miscellaneous insurance. The District pays a monthly premium based on the number of employees enrolled using pre-negotiated premium for each of the commercial insurance carriers and rates established by SCSVEBA.

Note 15 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 42,433,497	\$ 21,164,442	\$ 47,173,800	\$ 1,433,333
CalPERS	32,697,188	7,186,963	14,624,455	2,912,647
Total	<u>\$ 75,130,685</u>	<u>\$ 28,351,405</u>	<u>\$ 61,798,255</u>	<u>\$ 4,345,980</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$9,745,968.

Pension Liabilities, Pension Expense, 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:

Total Net Pension Liability, including State Share

District's proportionate share of net pension liability	\$ 42,433,497
State's proportionate share of the net pension liability	21,350,890
	<hr/>
Total	\$ 63,784,387
	<hr/>

The net pension liability was measured as of 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0932% and 0.0981%, resulting in a net decrease in the proportionate share of 0.0049%.

El Monte Union High School District

Notes to Financial Statements

June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$1,433,333. In addition, the District recognized pension expense and revenue of \$730,494 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,745,968	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,299,800	9,092,003
Differences between projected and actual earnings on pension plan investments	-	33,565,988
Differences between expected and actual experience in the measurement of the total pension liability	106,298	4,515,809
Changes of assumptions	6,012,376	-
Total	<u>\$ 21,164,442</u>	<u>\$ 47,173,800</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (8,523,748)
2024	(7,796,446)
2025	(7,989,926)
2026	(9,255,868)
Total	<u>\$ (33,565,988)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 920,314
2024	1,137,838
2025	(744,002)
2026	(1,598,759)
2027	(678,254)
Thereafter	(1,226,475)
Total	<u>\$ (2,189,338)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant 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 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 86,379,412
Current discount rate (7.10%)	42,433,497
1% increase (8.10%)	5,959,226

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$5,719,259.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$32,697,188. The net pension liability was measured as of 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. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.1608% and 0.1662%, resulting in a net decrease in the proportionate share of 0.0054%.

For the year ended June 30, 2022, the District recognized pension expense of \$2,912,647. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,719,259	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	491,610	1,999,167
Differences between projected and actual earnings on pension plan investments	-	12,548,207
Differences between expected and actual experience in the measurement of the total pension liability	976,094	77,081
Total	<u>\$ 7,186,963</u>	<u>\$ 14,624,455</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (3,147,079)
2024	(2,894,021)
2025	(3,017,206)
2026	(3,489,901)
Total	<u>\$ (12,548,207)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (202,373)
2024	(8,711)
2025	(357,588)
2026	(39,872)
Total	<u>-\$ 608,544</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 55,132,049
Current discount rate (7.15%)	32,697,188
1% increase (8.15%)	14,071,438

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,996,757 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 16 - Commitments and Contingencies**Grants**

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

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
All Weather Track & Field, Snack Bar, Restroom & Bleachers - Various Sites	\$12,000,000	6/30/2025
AHS - Modernization	1,400,000	6/30/2025
AHS & SEMHS - Greenhouse	400,000	12/30/2023
District-Wide Battery Storage System	2,600,000	12/30/2023
District-Wide Exterior Shelters Outdoor Learning	800,000	6/30/2024
District-Wide HVAC Controls Modernization	1,900,000	12/30/2023
District-Wide Rubberized Basketball Courts	90,650	6/30/2024
EMHS - Modernization	1,411,920	6/30/2025
FRLHS - Multipurpose Room	400,000	12/30/2022
FRLHS - Multipurpose Room	2,520,000	12/30/2022
MVHS - Cafetorium	2,628,690	1/31/2023
MVHS - CTE Zoo Crew	2,400,262	1/31/2023
MVHS - Modernization	1,000,000	6/30/2025
PDC Improvements	850,000	6/30/2024
SEMHS - Modernization	2,500,000	12/31/2024
RHS - Modernization	913,099	6/30/2025
RHS - Snack Bar	275,000	12/31/2022
RHS - Track & Field Project	120,000	12/31/2022
SEMHS - Main Quad	810,000	12/31/2022
Adult Regional Education Complex Project	1,010,545	6/30/2024
Total	<u>\$ 36,030,166</u>	

Note 17 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Southern California Schools Voluntary Employee Benefits Association (SCSVEBA) and Merage Risk Management Public Entity Risk Pool (MERGE), public entity risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of \$1,027,246 and \$14,090,659 to MERGE and SCSVEBA, respectively.

Note 18 - Correction of an Error – Restatement of Prior Year Net Position

The District's prior-year governmental activities net position and fund balance of the General Fund have been restated as of July 1, 2021, to correct an error reported in the prior-year financial statements. The error was an overstatement of receivables. The effect of the restatement is as follows:

	General Fund	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2021	\$ 66,416,806	\$ 165,672,822
Adjustment to accounts receivable	(3,519,849)	(3,519,849)
Net Position - Beginning as Restated	<u>\$ 62,896,957</u>	<u>\$ 162,152,973</u>
Governmental Activities		
Net Position - Beginning, previously reported at June 30, 2021		\$ 43,062,864
Adjustment to accounts receivable		(3,519,849)
Net Position - Beginning, as Restated at July 1, 2021 (before GASB 87 implementation)		<u>\$ 39,543,015</u>

Note 19 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	General Fund	Total Governmental Funds
Beginning Fund Balance, as Restated at July 1, 2021 (Before GASB 87 implementation, but after prior-period adjustment)	\$ 62,896,957	\$ 162,152,973
Increase in leases receivable	1,518,743	1,518,743
Increase in deferred inflows of resources related to leases	(1,518,743)	(1,518,743)
Beginning Fund Balance, as Restated at July 1, 2021 (After GASB 87 implementation)	<u>\$ 62,896,957</u>	<u>\$ 162,152,973</u>
Governmental Activities		
Net Position - Beginning, as Restated at July 1, 2021 (Before GASB 87 implementation, but after prior period adjustment)		\$ 39,543,015
Increases in leases receivable		1,518,743
Increase in right-to-use leased assets		359,510
Increase in lease liability		(1,518,743)
Increase in deferred inflows of resources related to leases		(359,510)
Net Position - Beginning, as Restated at July 1, 2021 (After GASB 87 Implementation and After Prior-Period Adjustment)		<u>\$ 39,543,015</u>



Required Supplementary Information
June 30, 2022

El Monte Union High School District

El Monte Union High School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	\$ 110,682,355	\$ 114,718,398	\$ 114,859,656	\$ 141,258
Federal sources	5,634,084	26,562,282	16,574,305	(9,987,977)
Other State sources	10,099,884	14,484,398	17,171,266	2,686,868
Other local sources	7,349,078	8,018,512	5,622,375	(2,396,137)
Total revenues ¹	133,765,401	163,783,590	154,227,602	(9,555,988)
Expenditures				
Current				
Certificated salaries	51,251,499	64,426,510	56,297,759	8,128,751
Classified salaries	21,461,768	23,368,132	22,247,076	1,121,056
Employee benefits	37,167,934	39,672,116	35,743,908	3,928,208
Books and supplies	7,266,183	16,849,822	12,285,755	4,564,067
Services and operating expenditures	19,552,518	23,965,876	18,213,280	5,752,596
Capital outlay	1,408,157	3,377,231	2,365,876	1,011,355
Other outgo	(102,031)	(133,317)	(482,476)	349,159
Debt service				
Debt service - principal	-	-	109,491	(109,491)
Debt service - interest and other	-	-	11,168	(11,168)
Total expenditures ¹	138,006,028	171,526,370	146,791,837	24,734,533
Excess (Deficiency) of Revenues Over Expenditures	(4,240,627)	(7,742,780)	7,435,765	15,178,545
Other Financing Uses				
Transfers out	(1,009,700)	(4,510,355)	(3,442,075)	1,068,280
Net Change in Fund Balances	(5,250,327)	(12,253,135)	3,993,690	16,246,825
Fund Balance - Beginning, as Restated	62,896,957	62,896,957	62,896,957	-
Fund Balance - Ending	\$ 57,646,630	\$ 50,643,822	\$ 66,890,647	\$ 16,246,825

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets

El Monte Union High School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,655,207	\$ 1,337,075	\$ 1,264,218	\$ 1,095,821	\$ 1,095,821
Interest	654,751	723,428	830,247	891,978	894,069
Difference between expected and actual experience	180,812	519,189	-	-	-
Changes of assumptions	(3,174,650)	877,885	1,502,011	1,796,418	(1,363,348)
Benefit payments	(752,302)	(870,405)	(646,386)	(993,692)	(888,085)
Net change in total OPEB liability	(1,436,182)	2,587,172	2,950,090	2,790,525	(261,543)
Total OPEB Liability - Beginning	31,119,200	28,532,028	25,581,938	22,791,413	23,052,956
Total OPEB Liability - Ending	<u>\$ 29,683,018</u>	<u>\$ 31,119,200</u>	<u>\$ 28,532,028</u>	<u>\$ 25,581,938</u>	<u>\$ 22,791,413</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

El Monte Union High School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1402%	0.1487%	0.1650%	0.1785%	0.1661%
Proportionate share of the net OPEB liability	\$ 559,051	\$ 724,438	\$ 614,597	\$ 683,182	\$ 698,886
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

El Monte Union High School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0932%	0.0981%	0.0933%	0.0994%	0.0918%	0.0994%	0.1000%	0.0980%
Proportionate share of the net pension liability	\$ 42,433,497	\$ 95,073,106	\$ 84,259,301	\$ 91,392,124	\$ 84,857,991	\$ 80,399,644	\$ 67,293,511	\$ 57,275,854
State's proportionate share of the net pension liability	21,350,890	49,010,197	45,969,074	52,326,522	50,201,679	45,776,821	35,590,753	34,585,634
Total	<u>\$ 63,784,387</u>	<u>\$ 144,083,303</u>	<u>\$ 130,228,375</u>	<u>\$ 143,718,646</u>	<u>\$ 135,059,670</u>	<u>\$ 126,176,465</u>	<u>\$ 102,884,264</u>	<u>\$ 91,861,488</u>
Covered payroll	<u>\$ 51,927,808</u>	<u>\$ 54,408,058</u>	<u>\$ 52,179,232</u>	<u>\$ 52,316,674</u>	<u>\$ 50,394,706</u>	<u>\$ 50,182,852</u>	<u>\$ 47,319,685</u>	<u>\$ 43,655,261</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	81.72%	174.74%	161.48%	174.69%	168.39%	160.21%	142.21%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1608%	0.1662%	0.1568%	0.1710%	0.1742%	0.1742%	0.1732%	0.1627%
Proportionate share of the net pension liability	\$ 32,697,188	\$ 51,004,398	\$ 45,688,056	\$ 45,597,609	\$ 38,929,238	\$ 34,412,310	\$ 25,529,882	\$ 1,845,072
Covered payroll	<u>\$ 23,120,101</u>	<u>\$ 23,996,714</u>	<u>\$ 21,758,211</u>	<u>\$ 23,074,258</u>	<u>\$ 20,904,738</u>	<u>\$ 20,857,052</u>	<u>\$ 19,234,593</u>	<u>\$ 17,083,753</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	141.42%	212.55%	209.98%	197.61%	186.22%	164.99%	132.73%	10.80%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

El Monte Union High School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 9,745,968	\$ 8,386,341	\$ 9,303,778	\$ 8,494,779	\$ 7,549,296	\$ 6,339,654	\$ 5,384,620	\$ 4,201,988
Less contributions in relation to the contractually required contribution	9,745,968	8,386,341	9,303,778	8,494,779	7,549,296	6,339,654	5,384,620	4,201,988
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 57,600,284	\$ 51,927,808	\$ 54,408,058	\$ 52,179,232	\$ 52,316,674	\$ 50,394,706	\$ 50,182,852	\$ 47,319,685
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	\$ 5,719,259	\$ 4,785,861	\$ 4,732,392	\$ 3,929,968	\$ 3,583,663	\$ 2,903,250	\$ 2,470,935	\$ 2,264,104
Less contributions in relation to the contractually required contribution	5,719,259	4,785,861	4,732,392	3,929,968	3,583,663	2,903,250	2,470,935	2,264,104
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 24,964,029	\$ 23,120,101	\$ 23,996,714	\$ 21,758,211	\$ 23,074,258	\$ 20,904,738	\$ 20,857,052	\$ 19,234,593
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022, change in inflation rate from 2.75% in 2021 to 3.00% in 2022, and change in health care trend rate of 4.00% in 2021 to 5.75% in 2022.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District's Contributions for OPEB

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



Supplementary Information
June 30, 2022

El Monte Union High School District

El Monte Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Education - Basic Grants to States (Basic Education& ELA)	84.002	14508	\$ 1,186,656
Adult Education - Basic Grants to States (Secondary Education)	84.002	14109	176,701
Adult Education - Basic Grants to States	84.002	13978	<u>322,567</u>
Subtotal			<u>1,685,924</u>
Career and Technical Education - Basic Grants to States (Secondary Education)	84.048	14894	319,630
Career and Technical Education - Basic Grants to States (Vocational Education)	84.048	14893	<u>49,000</u>
Subtotal			<u>368,630</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,649,440
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	3,785,142
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	1,403,881
COVID-19 Governor's Emergency Education Relief (GEER) Fund Learning Loss Mitigation	84.425C	15517	<u>496,166</u>
Subtotal			<u>7,334,629</u>
English Language Acquisition State Grants - LEP	84.365	14346	222,146
English Language Acquisition State Grants - Immigrant Student	84.365	15146	<u>534</u>
Subtotal			<u>222,680</u>
Title I Grants to Local Educational Agencies (Basic Grants)	84.010	14329	4,159,161
Migrant Education State Grant Program (Regular & Summer)	84.011	14326	46,840
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	56,132
Student Support and Academic Enrichment Program	84.424	15396	<u>223,326</u>
Passed Through West San Gabriel Valley SELPA			
Special Education Cluster (IDEA)			
Special Education Grants to States - Basic Local Assistance	84.027	13379	2,657,667
Special Education Grants to States - Mental Health	84.027A	15197	<u>184,335</u>
Total Special Education Cluster (IDEA)			<u>2,842,002</u>
Total U.S. Department of Education			<u>16,939,324</u>

El Monte Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor			
Passed Through California Department of Rehabilitation			
WIOA Cluster			
WIOA Youth Activities	17.259	10055	\$ 34,244
Total WIOA Cluster			34,244
Total U.S. Department of Labor			34,244
U.S. Department of Health and Human Services			
Passed Through Los Angeles County Office of Education			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	1,329,847
Total U.S. Department of Health and Human Services			1,329,847
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	3,740,652
National School Lunch Program - After School Measl	10.555	13391	76,922
National School Lunch Program - Meal Supplements	10.555	13396	1,686
National School Lunch Program - Commodities	10.555	13391	268,333
COVID-19 SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	183,059
Subtotal			4,270,652
School Breakfast Program - Especially Needy Breakfast	10.553	13526	1,255,769
Total Child Nutrition Cluster			5,526,421
NSLP Equipment Assistance Grants	10.579	14906	15,818
Pandemic EBT Local Administrative Grant	10.649	15644	5,814
Total U.S. Department of Agriculture			5,548,053
Total Federal Financial Assistance			\$ 23,851,468

ORGANIZATION

The El Monte Union High School District (the District) was organized in 1901 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 - 12 as mandated by the State and/or Federal agencies. The District operates five high schools, a continuation high school, an independent study program, a community day school, and an adult education program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Carlos G. Salcedo	President	2024
David Diaz	Vice President	2022
Esthela Torres de Siegrist	Clerk	2024
Florencio F. Briones	Member	2022
Ricardo Padilla	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Edward A. Zuniga	Superintendent
Wael H. Elatar	Chief Business Official
Larry Cecil	Assistant Superintendent of Educational Services
Robin Torres	Assistant Superintendent of Human Resources

El Monte Union High School District
Schedule of Average Daily Attendance
Year Ended June 30, 2022

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	<u>7,361.92</u>	<u>7,270.54</u>
Extended Year Special Education		
Ninth through twelfth	<u>8.95</u>	<u>8.95</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>37.11</u>	<u>36.66</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>1.24</u>	<u>1.24</u>
Community Day School		
Ninth through twelfth	<u>17.80</u>	<u>17.81</u>
Total ADA	<u><u>7,427.02</u></u>	<u><u>7,335.64</u></u>

El Monte Union High School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 9 - 12	64,800										
Grade 9		64,866	-	64,866	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,866	-	64,866	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,866	-	64,866	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,866	-	64,866	180	-	180	N/A	N/A	N/A	Complied

El Monte Union High School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Adult Education Fund	Cafeteria Fund
	<u> </u>	<u> </u>	<u> </u>
Fund Balance			
Balance, June 30, 2022, Unaudited Actuals	\$ 69,660,042	\$ 10,732,945	\$ 1,825,069
Increase in			
Accounts receivable	103,463	-	-
Decrease in			
Cash in county treasury (FMV)	<u>(2,872,858)</u>	<u>(393,475)</u>	<u>(49,009)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 66,890,647</u></u>	<u><u>\$ 10,339,470</u></u>	<u><u>\$ 1,776,060</u></u>
	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund
	<u> </u>	<u> </u>	<u> </u>
Fund Balance			
Balance, June 30, 2022, Unaudited Actuals	\$ 5,224,341	\$ 138,486,068	\$ 1,247,166
Decrease in			
Cash in county treasury (FMV)	<u>(202,371)</u>	<u>(5,481,292)</u>	<u>(46,913)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 5,021,970</u></u>	<u><u>\$ 133,004,776</u></u>	<u><u>\$ 1,200,253</u></u>
	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
	<u> </u>	<u> </u>	<u> </u>
Fund Balance			
Balance, June 30, 2022, Unaudited Actuals	\$ 1,396,576	\$ 9,479,341	\$ 7,191,691
Decrease in			
Cash in county treasury (FMV)	<u>(58,060)</u>	<u>(336,619)</u>	<u>(297,680)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 1,338,516</u></u>	<u><u>\$ 9,142,722</u></u>	<u><u>\$ 6,894,011</u></u>

El Monte Union High School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund ³				
Revenues	\$ 173,851,164	\$ 156,951,947	\$ 145,102,048	\$ 129,409,888
Expenditures	177,011,710	146,791,836	122,126,487	129,172,197
Other uses	1,034,286	3,442,075	1,009,378	1,223,688
Total expenditures and other uses	178,045,996	150,233,911	123,135,865	130,395,885
Increase/(Decrease) in Fund Balance	(4,194,832)	6,718,036	21,966,183	(985,997)
Ending Fund Balance	\$ 61,633,419	\$ 65,828,251	\$ 59,110,215	\$ 37,144,032
Available Reserves ²	\$ 4,170,474	\$ 19,362,022	\$ 3,693,029	\$ 29,434,162
Available Reserves as a Percentage of Total Outgo	2.34%	12.89%	3.00%	22.57%
Long-Term Liabilities	N/A	\$ 398,801,342	\$ 384,193,775	\$ 376,210,024
K-12 Average Daily Attendance at P-2	7,511	7,427	8,159	8,159

The General Fund balance has increased by \$28,684,219 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$4,194,832 (6.4%). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in 2 of the past 3 years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have increased by \$22,591,318 over the past two years.

Average daily attendance has decreased by 732 over the past two years. An increase of 84 ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

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

El Monte Union High School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 1,002,848	\$ 10,517,071	\$ 1,197,842	\$ 5,179,400	\$ 1,240,271
Receivables	-	732,067	715,204	12,537	26,813
Stores inventories	-	107,629	23,717	-	-
Lease receivable					
Total assets	\$ 1,002,848	\$ 11,356,767	\$ 1,936,763	\$ 5,191,937	\$ 1,267,084
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 1,017,297	\$ 160,703	\$ 169,967	\$ 66,831
Fund Balances					
Nonspendable	-	107,629	29,017	-	-
Restricted	1,002,848	10,231,841	1,747,043	-	1,200,253
Committed	-	-	-	5,021,970	-
Assigned	-	-	-	-	-
Total fund balances	1,002,848	10,339,470	1,776,060	5,021,970	1,200,253
Total liabilities and fund balances	\$ 1,002,848	\$ 11,356,767	\$ 1,936,763	\$ 5,191,937	\$ 1,267,084

El Monte Union High School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 1,344,614	\$ 9,602,375	\$ 6,894,011	\$ 36,978,432
Receivables	1,885	69,869	-	1,558,375
Stores inventories	-	-	-	131,346
Lease receivable	-	-	-	-
Total assets	\$ 1,346,499	\$ 9,672,244	\$ 6,894,011	\$ 38,668,153
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 7,983	\$ 529,522	\$ -	\$ 1,952,303
Fund Balances				
Nonspendable	-	-	-	136,646
Restricted	1,338,516	-	6,894,011	22,414,512
Committed	-	-	-	5,021,970
Assigned	-	9,142,722	-	9,142,722
Total fund balances	1,338,516	9,142,722	6,894,011	36,715,850
Total liabilities and fund balances	\$ 1,346,499	\$ 9,672,244	\$ 6,894,011	\$ 38,668,153

El Monte Union High School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 1,734,924	\$ 5,542,239	\$ -	\$ -
Other State sources	-	11,372,267	351,837	-	-
Other local sources	3,302,794	(252,270)	46,668	(156,728)	691,563
Total revenues	3,302,794	12,854,921	5,940,744	(156,728)	691,563
Expenditures					
Current					
Instruction	-	6,724,528	-	-	-
Instruction-related activities					
Supervision of instruction	-	839,621	-	-	-
School site administration	-	2,756,942	-	-	-
Pupil services					
Food services	-	-	5,168,887	-	-
All other pupil services	-	534,041	-	-	-
Administration					
All other administration	-	530,431	64,637	-	3,150
Plant services	-	1,924,042	-	257,342	-
Ancillary services	3,085,827	-	-	-	-
Other outgo	-	-	-	-	-
Enterprise services	-	-	42	-	-
Facility acquisition and construction	-	175,000	-	132,837	503,332
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	3,085,827	13,484,605	5,233,566	390,179	506,482
Excess (Deficiency) of Revenues Over Expenditures	216,967	(629,684)	707,178	(546,907)	185,081
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,792,381	-
Other sources - proceeds from general obligation (GO) bonds	-	-	-	-	-
Other sources - premium from GO bonds	-	-	-	-	-
Transfers out	-	(60,006)	-	-	-
Other uses - payment to escrow	-	-	-	-	-
Net Financing Sources (Uses)	-	(60,006)	-	1,792,381	-
Net Change in Fund Balances	216,967	(689,690)	707,178	1,245,474	185,081
Fund Balance - Beginning	785,881	11,029,160	1,068,882	3,776,496	1,015,172
Fund Balance - Ending	\$ 1,002,848	\$ 10,339,470	\$ 1,776,060	\$ 5,021,970	\$ 1,200,253

El Monte Union High School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental
Funds
Year Ended June 30, 2022

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	-	\$ -	-	\$ 7,277,163
Other State sources	1,402,674	742,428	78,200	13,947,406
Other local sources	(56,175)	635,340	13,625,034	17,836,226
Total revenues	1,346,499	1,377,768	13,703,234	39,060,795
Expenditures				
Current				
Instruction	-	-	-	6,724,528
Instruction-related activities				
Supervision of instruction	-	-	-	839,621
School site administration	-	-	-	2,756,942
Pupil services				
Food services	-	-	-	5,168,887
All other pupil services	-	-	-	534,041
Administration				
All other administration	-	-	-	598,218
Plant services	-	35,794	-	2,217,178
Ancillary services	-	-	-	3,085,827
Other outgo	-	-	129,493	129,493
Enterprise services	-	-	-	42
Facility acquisition and construction	7,983	6,783,816	-	7,602,968
Debt service				
Principal	-	-	8,680,000	8,680,000
Interest and other	-	-	6,840,106	6,840,106
Total expenditures	7,983	6,819,610	15,649,599	45,177,851
Excess (Deficiency) of Revenues Over Expenditures	1,338,516	(5,441,842)	(1,946,365)	(6,117,056)
Other Financing Sources (Uses)				
Transfers in	-	1,000,000	-	2,792,381
Other sources - proceeds from general obligation (GO) bonds	-	-	14,360,000	14,360,000
Other sources - premium from GO bonds	-	-	5,046,239	5,046,239
Transfers out	-	-	-	(60,006)
Other uses - payment to escrow	-	-	(14,230,507)	(14,230,507)
Net Financing Sources (Uses)	-	1,000,000	5,175,732	7,908,107
Net Change in Fund Balances	1,338,516	(4,441,842)	3,229,367	1,791,051
Fund Balance - Beginning	-	13,584,564	3,664,644	34,924,799
Fund Balance - Ending	\$ 1,338,516	\$ 9,142,722	\$ 6,894,011	\$ 36,715,850

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the El Monte Union High School District (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the El Monte Union High School District, it is not intended to and does not present the financial position and change in fund balance of El Monte School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not report any inventory associated with commodities.

Local Education Agency Organization Structure

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

Schedule of 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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2022

El Monte Union High School District



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

To the Governing Board
El Monte Union High School District
El Monte, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte Union High School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise El Monte Union High School District's basic financial statements and have issued our report thereon dated February 28, 2023.

Correction of Error

As discussed in Note 18 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for receivables as of June 30, 2021, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021 to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the El Monte Union High School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balance as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

El Monte Union High School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the El Monte Union High School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. El Monte Union High 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.



Rancho Cucamonga, California
February 28, 2023



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

To the Governing Board
El Monte Union High School District
El Monte, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited El Monte Union High 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 El Monte Union High School District's major federal programs for the year ended June 30, 2022. El Monte Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Epidemiology and Laboratory Capacity for Infectious Diseases (93.323)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, El Monte Union High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Epidemiology and Laboratory Capacity for Infectious Diseases for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, El Monte Union High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 El Monte Union High 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of El Monte Union High School District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Epidemiology and Laboratory Capacity for Infectious Diseases

As described in the accompanying schedule of findings and questioned costs, El Monte Union High School District did not comply with requirements regarding Assistance Listing No. 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases, as described in finding number 2022-003 for Reporting.

Compliance with such requirements is necessary, in our opinion, for El Monte Union High School District to comply with the requirements applicable to that program.

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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to El Monte Union High School District's federal programs.

Auditor's Responsibilities for the Audit of 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 El Monte Union High 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about El Monte Union High School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 El Monte Union High School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of El Monte Union High 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 El Monte Union High 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.

Government Auditing Standards requires the auditor to perform limited procedures on El Monte Union High School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. El Monte Union High 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on El Monte Union High School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. El Monte Union High 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.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 28, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
El Monte Union High School District
El Monte, California

Report on Compliance

Qualified and Unmodified Opinion on State Compliance

We have audited El Monte Union High School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on School Safety Plans

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Comprehensive School Safety Plans

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Comprehensive School Safety Plans (see finding 2022-004).

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of 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 the 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 GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and.

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.

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices Of Education, And Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
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	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

The District does not offer Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not offer Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

The District does not provide classes for grades K-3; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

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

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

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

The District does not offer After/Before School Education and Safety Program; therefore, we did not performed procedures related to After/Before School Education and Safety Program.

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

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

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 identify during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The 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.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

The signature is written in a cursive, handwritten style. It begins with a large, stylized 'E' followed by the words 'ide Bailly' and ends with 'LLP' in a slightly more formal, blocky script.

Rancho Cucamonga, California
February 28, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

El Monte Union High School District

El Monte Union High School District
Summary of Auditor's Results
Year Ended June 30, 2022

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified*

* Unmodified for all programs except for the following program which was qualified

Name of Program

COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No
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Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323
Title I Grants to Local Educational Agencies (Basic Grants)	84.010
Education Stabilization Fund	84.425C, 84.425D, 84.425U
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs

Material weaknesses identified

No

Significant deficiencies identified not

considered to be material weaknesses

Yes

Type of auditor's report issued on compliance
for programs

Unmodified*

* Unmodified for all programs except for the following
program which was qualified

Name of Program

Comprehensive School Safety Plan

The following findings represent material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

2022-001 30000 - Prior Period Restatement (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of balances presented within the District's General Fund, as reported on the 2021-2022 unaudited financial statements. The description of the misstatement is as follows:

The District over-reported receivables of \$3,519,849 in the General Fund. This resulted in an overstatement of beginning fund balance of \$3,519,849 in the General Fund.

Questioned costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2021-2022 unaudited financial statements.

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. As reported on the 2021-2022 unaudited financial statements, the District's General Fund ending fund balance was overstated by \$3,519,849.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of revenues/expenses and assets/liabilities to determine their proper reporting period.

Repeat Finding

No.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its yearend closing process to determine the proper cut-off period for revenues and to ensure that all activities are recorded in the financial statements.

Corrective Action Plan and Views of Responsible Officials

The California Legislature provided \$6.6 billion in the Assembly Bill 86 COVID-19 relief package, including \$4.6 billion for Expanded Learning Opportunities (ELO) Grant. Governor Newsom signed AB 86 on March 5, 2021, the apportionments to districts made known in April of 2021, allocations began in May, and the fiscal year closed effective June 30. In August 2021, at the time the 2020-2021 Unaudited Actuals report was being prepared, Fiscal Services treated the restricted ELO Grant as an entitlement, accrued it for being accumulated in the current period under Generally Accepted Accounting Principles (GAAP), reported it as unearned revenue in the restricted fund balance, and before CDE guidance following Governor Newsom signature of AB 130 was sent via email in August regarding the accounting for the ELO Grant.

This finding occurred as a result of the initial ELO funding coming quickly, in an extraordinary fashion, and Fiscal Services lacking sufficient information to properly report despite auditor's guidance. Responding as best it could under the circumstances, Fiscal Services shall devote more time to reviewing available reporting requirements in extraordinary times. In addition, the district will adjust the restricted unearned revenue identified by the auditor in the current year (2022-2023) restricted fund balance and submit the adjustment to the Los Angeles County Office of Education (LACOE) with an Auditor's Letter.

2022-002 30000 – Year-End Closing Balances (Material Weakness)**Criteria or Specific Requirements**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatement of balances presented within the District's General Fund, Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, County School Facilities Non-Major Governmental Fund, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund, and the Bond Interest and Redemption Non-Major Governmental Fund, as reported on the 2021-2022 unaudited financial statements. The description of the misstatement is as follows:

- The District did not recognize a net decrease in fair market value of Cash in County Treasury in the General Fund, Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, County School Facilities Non-Major Governmental Fund, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects, and Bond Interest and Redemption Non-Major Governmental Fund. This resulted in the overstatement of the ending fund balance reported in the General Fund by \$2,872,858, Building Fund by \$5,481,292, Adult Education Non-Major Governmental Fund by \$393,475, Cafeteria Non-Major Governmental Fund by \$49,009, Deferred Maintenance Non-Major Governmental Fund by \$202,371, Capital Facilities Non-Major Governmental Fund by \$46,913, County School Facilities Non-Major Governmental Fund by \$58,060, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects by \$336,619, and Bond Interest and Redemption Non-Major Governmental Fund by \$297,680.
- The District under reported accounts receivable in the General Fund. This resulted in the understatement of the ending fund balance reported in the General Fund by \$103,463.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2021-2022 unaudited financial statements.

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. As reported on the 2021-2022 unaudited financial statements, the District's General Fund's ending fund balance was overstated by \$2,769,395, Building Fund's ending fund balance was overstated by \$5,481,292, Adult Education Non-Major Governmental Fund's ending fund balance was overstated by \$393,475, Cafeteria Non-Major Governmental Fund's ending fund balance was overstated by \$49,009, Deferred Maintenance Non-Major Governmental Fund's ending fund balance was overstated by \$202,371, Capital Facilities Non-Major Governmental Fund's ending fund balance was overstated by \$46,913, County School Facilities Non-Major Governmental Fund's ending fund balance was overstated by \$58,060, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects' ending fund balance was overstated by \$336,619, and the District's Bond Interest and Redemption Non-Major Governmental Fund was overstated by \$297,680 as of June 30, 2022.

Cause

The condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of all relevant transactions to determine their proper reporting amounts and period.

Repeat Finding

Yes. See prior year finding 2021-001.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its yearend closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

Corrective Action Plan and Views of Responsible Officials

Districts are required by Education Code (EC) Section 41001 to deposit their funds in the County Treasury and important to understand is that districts' cash accounts held in the County Treasury are pooled in investment funds. The Governmental Accounting Standards Board Statements Nos. 31 and 72 (GASB 31) and (GASB 72) established accounting and reporting standards for all investments held by governmental external investment pools. GASB 31 necessitates that Local Educational Agencies (LEAs) report their investments at fair value on the balance sheet. Consequently, an LEA's Cash in the County Treasury is determined by the school funds' share in the Pooled Surplus Investments (PSI) Portfolio and the fair value of EMUHSD Cash in the County Treasury is modified by the book value of investments in the pooled fund. For the period in question, Information regarding the County Treasury's cash reporting regulated by GASB 31 may be obtained from the Los Angeles County Treasurer's web sites at:

<https://ttc.lacounty.gov/wp-content/uploads/2022/08/ReportInvestmentsforJune2022.pdf>

In conjunction, GASB 72 requires the district to also disclose fair value measurements, the level of fair value hierarchy, and valuation techniques. For the period in question, Information regarding the County Treasury's cash reporting regulated by GASB 72 may be obtained from the Los Angeles County Treasurer's web sites at:

<http://auditor.lacounty.gov/property-tax-report-central/>

Based on the information available on the Los Angeles County Treasurer's web sites, the following shall be taken into consideration:

- Consolidated LEA Funds comprised 48.10% of the PSI Portfolio.
- A total of 60.12% of the pooled investments matured within the year and no adjustment on this portion is required per GASB 31.
- Fair market value for shall be converted by a factor of 95.8608% of amortized cost; Consequently, for each \$1,000,000 in the 2021-2022 unaudited financial statements, the fair market value should have been reported as \$958,608.
- The difference between cost and fair market value equals (\$41,392) per million.

The District did not adjust its ending balances for inadvertence. Corrective action to adjust the balances for each fund identified by the auditor shall be made in the current year according to the information made available by Los Angeles County Treasurer, according to the valuation technique described above for each fund, and submit adjustments for each fund to reflect 95.8608% Fair Value to the Los Angeles County Office of Education (LACOE) along with an Auditor's Letter.

The following finding represents a material weakness and material instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2022-003 50000 (Reporting, Material Weakness)

Federal Program Affected

Federal Agency: U.S. Department of Health and Human Services
Pass-through Entity: Los Angeles County Office of Education
Federal Program: COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
CFDA/ALN: 93.323 (FY 2021-2022)
Compliance Requirement: Reporting
Type of Finding: Material Weakness and Material Non-Compliance

Criteria or Specific Requirements

Under the sub-granting conditions and grant agreement between the District and the Los Angeles County Office of Education (LACOE), the District is required to perform the following under Section 4.2.4 of the grant agreement:

- Submit weekly progress reports and monthly financial report to LACOE. The report will include the following information:
 - Total enrollment
 - Number of individuals tested (student and staff)
 - Number of testing locations
 - Number of tests – PCR (total and positive tests)
 - Number of tests – Antigen (total and positive tests)
 - Number of tests – Other (type of test; total and positive tests)
 - Total positive tests
 - Description of program activities
 - Other indicators that may arise to ascertain program progress

Condition

The District did not have supporting evidence to document its weekly submission of the reports required under Section 4.2.4 of the grant agreement. Specifically, the District was unable to provide documents to support the number of tests (PCR) and the total positive tests reported.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our examination of weekly reports generated by the District under Section 4.2.4 and through inquiry with District's personnel.

Effect

Due to the condition identified, we were unable to validate the accuracy of the weekly reports submitted to LACOE, as required under Section 4.2.4 of the grant agreement.

Cause

The condition appears to have materialized due to the District inadequately maintaining its supporting files required under the grant agreement.

Repeat Finding

No.

Recommendation

The District should ensure meticulous records are maintained with respect to all compliance reporting requirement. Failure to maintain supporting documents for grants would potentially lead to questioned costs that can require the District to return program funds to the sponsoring entity.

Corrective Action Plan and Views of Responsible Officials

The Auditor discovered that two weekly reports for September 2021 lacked documentation. Compared to the number of tests reported overall in 2021-2022, the number of unverified tests constitute a finding for non-compliance and indicative of issues surrounding record keeping. It has since come to light that some tests were inconclusive but were not identified as such leading to a higher test count versus negative/positive counts. No program specific corrective action steps shall be instituted as this is not an on-going program. However, it will be important to laboriously work out the details prior to an agreement and specify the need for clerical support in future agreements. In addition, the district will review its records and verify alignment with reports submitted to the Los Angeles COE.

The following finding represents a significant deficiency and an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-004 40000 – Comprehensive School Safety Plans

Criteria or Specific Requirements

California Education Code Section 32286(a) requires each school site to annually review and update its comprehensive school safety plan by March 1.

Condition

In our review of comprehensive school safety plans, we noted that the District reviewed and updated the comprehensive school safety plans; however, two schools did not approve the updated comprehensive school safety plan by March 1 as stated in *California Education Code* Section 32286(a).

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of inquiry with the District's management. In a sample of ten school sites, two sites were noted to have updated their plans subsequent to the March 1 deadline.

Effect

The District has not complied with requirements identified in *California Education Code* Section 32286(a), which states that each school site is required to annually review and update its comprehensive school safety plan by March 1.

Cause

The condition identified appears to have materialized primarily due to the lack of a monitoring process to ensure that all site plans are updated timely.

Repeat Finding

No.

Recommendation

The District should ensure that they meet all the requirements identified in California Education Code Section 32286(a) every year. The District must update and review the comprehensive school safety plan by March 1 of each year.

Corrective Action Plan and Views of Responsible Officials

CA Educ Code (EC) § 32286 states “(a) Each school shall adopt its comprehensive school safety plan by March 1, 2000, and shall review and update its plan by March 1, every year thereafter.” The Board approved all High Schools Safety Plan on April 6, 2022 as we could not make the March timeline. In late 2021 and early 2022 the District was in the middle of surging COVID cases and school site administration had to address the surge as well as logistical and reporting requirements. That delayed the completion and update of the school plans to be signed off. In addition, it took a few weeks to get the sign off from the fire and police departments on the plan.

Corrective action this year is to take the school safety plans to our board on March 1, 2023. Subsequently, the district shall establish an annual calendar reminder to schedule the adoption of comprehensive school safety plans no later than March 1 in adherence to EC 32286.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements Findings

2021-001 30000 (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of balances presented within the District's Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund, and the Student Activity Non-Major Governmental Fund (Fund 8), as reported on the 2020-2021 unaudited financial statements. The description of the misstatement is as follows:

- The District did not recognize a net decrease in fair market value of Cash in County Treasury in the Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, and Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund. This resulted in the overstatement of the ending fund balance reported in the Building Fund by \$370,545, Adult Education Non-Major Governmental Fund by \$60,648, Cafeteria Non-Major Governmental Fund by \$2,484, Deferred Maintenance Non-Major Governmental Fund by \$21,273, Capital Facilities Non-Major Governmental Fund by \$6,641, and Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund by \$78,008.
- The District did not recognize the correct amount of ending cash balance in the Student Activity Non-Major Governmental Fund. This resulted in the understatement of the ending fund balance reported in the Student Activity Non-Major Governmental Fund by \$673,694.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2020-2021 unaudited financial statements.

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. As reported on the 2020-2021 unaudited financial statements, the District's Building Fund's ending fund balance was overstated by \$370,545, Adult Education Non-Major Governmental Fund's ending fund balance was overstated by \$60,648, Cafeteria Non-Major Governmental Fund's ending fund balance was overstated by \$2,484, Deferred Maintenance Non-Major Governmental Fund's ending fund balance was overstated by \$21,273, Capital Facilities Non-Major Governmental Fund's ending fund balance was overstated by \$6,641, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund's ending fund balance was overstated by \$78,008, and the District's Student Activity Non-Major Governmental Fund (Fund 8) was understated by \$673,694 as of June 30, 2021.

Cause

The condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of all relevant transactions to determine their proper reporting amounts and period.

Repeat Finding

Yes.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

Current Status

Not Implemented. See Finding 2022-002.

State Compliance Findings

2021-002 40000

Criteria or Specific Requirements

California *Education Code* Sections 42238.02(b)(4) states school districts should revise their submitted data on English learners, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula (LCFF) Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported two students as having designation of free or reduced on the "1.18 – FRPM/English Learner/Foster Youth Count -Student List" report.

Questioned Costs

The questioned costs associated with this condition resulted in a decrease of \$5,388 in Local Control Formula Funding using CDE's fiscal penalty calculator.

Context

The condition was identified as a result of selecting a sample of students from the "1.18 - FRPM/English Learner/Foster Youth – Student List" CALPADS report in accordance to the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Report, Section 19489(a)(1). The initial sample was selected from one school site, which resulted in exceptions noted. For 60 students selected, one student had their status changed from free to paid and the other student had their status changed from reduced to paid, but both students are still reported as free or reduced in the 1.18 report. The District's review of all remaining students resulted in those two students, which were the two students identified in the original sample, that were incorrectly designated as having free or reduced status on the "1.18 – FRPM/English Learner/Foster Youth – Student List" report.

Effect

As a result of our testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report to align the reporting with the most current free and reduced eligibility information from the District's Nutrition Services Department. The following schedule identifies the District-Wide exceptions:

	Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Unduplicated Pupil Count Adjustment (FRPM)	Adjusted Total Unduplicated Pupil Count
Total District-Wide	8358	7671	(2)	7669

Cause

It appears that the enrollment information was not adequately updated for CALPADS reporting purposes.

Repeat Finding

Yes.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on information received. If necessary, updated information should be submitted and recertified within the amendment window.

Current Status

Implemented.