



Financial Statements  
June 30, 2021

# Anaheim Union High School District

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## Independent Auditor's Report

To the Governing Board  
Anaheim Union High School District  
Anaheim, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anaheim Union High School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Anaheim Union High School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 16 to the financial statements, Anaheim Union High School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 74, schedule of the District's proportionate share of the net pension liability on pages 75 and 76, and the schedule of District contributions on pages 77 and 78, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2022 on our consideration of Anaheim Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Anaheim 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 Anaheim Union High School District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
January 31, 2022



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

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### The Financial Statements

The financial statements presented herein include all of the activities of the 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 include all assets of the District (including capital assets), and deferred outflows of resources, as well as all liabilities (including long-term obligations) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

*Governmental Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

The Primary unit of the government is the Anaheim 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, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether *its financial health is* improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is 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** - All of the District's services are reported in this category. This includes the education of grade seven through grade twelve students, 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 governmental agencies.

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

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

## THE DISTRICT AS TRUSTEE

### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our custodial pass-thru fund for special education local plan area (SELPA) activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Position* and the *Statement of Change in Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$(4,345,533) for the fiscal year-ended June 30, 2021. Of this amount, \$(341,484,850) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2021	2020 as restated
<b>Assets</b>		
Current and other assets	\$ 406,133,340	\$ 399,302,891
Capital assets	438,019,489	393,613,085
Total assets	<u>844,152,829</u>	<u>792,915,976</u>
Deferred outflows of resources	<u>112,795,596</u>	<u>112,405,086</u>
<b>Liabilities</b>		
Current liabilities	54,707,144	47,001,784
Long-term liabilities other than OPEB and pension	335,094,968	354,258,549
Other postemployment benefits (OPEB) liability	105,068,034	116,099,655
Aggregate net pension liability	405,593,166	384,173,652
Total liabilities	<u>900,463,312</u>	<u>901,533,640</u>
Deferred inflows of resources	<u>60,830,646</u>	<u>50,026,582</u>
<b>Net Position</b>		
Net investment in capital assets	213,307,304	207,882,806
Restricted	123,832,013	85,113,070
Unrestricted (deficit)	<u>(341,484,850)</u>	<u>(339,235,036)</u>
Total net position (deficit)	<u>\$ (4,345,533)</u>	<u>\$ (46,239,160)</u>

The increase in total assets is mainly due to an increased funding for ESSER and COVID-19 and an increase in capital assets attributed to the modernization/construction projects completed and in progress. Total liabilities decreased mainly due to the decrease in the other post-employment benefits liability and a decrease in long-term liabilities. The deficit net position is the result of the implementation of GASB Statement No. 68, requiring the District to report their share of CalSTRS and CalPERS net pension liability.

**Changes in Net Position**

The changes in net position for this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	\$ 4,248,625	\$ 3,990,185
Operating grants and contributions	131,873,810	84,454,845
Capital grants and contributions	17,759,450	2,551,269
General revenues		
Federal and State aid not restricted	225,897,252	238,148,910
Property taxes	138,004,015	127,278,158
Other general revenues	19,638,641	19,973,130
Total revenues	<u>537,421,793</u>	<u>476,396,497</u>
Expenses		
Instruction-related	328,575,055	300,423,285
Pupil services	62,765,049	61,129,063
Administration	29,226,698	24,184,098
Plant services	43,868,233	38,335,772
All other services	31,093,131	33,528,654
Total expenses	<u>495,528,166</u>	<u>457,600,872</u>
Change in net position	<u>\$ 41,893,627</u>	<u>\$ 18,795,625</u>

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

**Governmental Activities**

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$495,528,166. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$138,004,015 because the cost was paid by those who benefited from the programs (\$4,248,625) or by other governments and organizations who subsidized certain programs with grants and contributions (\$149,633,260). We paid for the remaining "public benefit" portion of our governmental activities with \$245,545,893 in Federal and State funds and with other revenues, like interest and general entitlements. Operating grants and contributions consist of categorical programs. Capital grants and contributions consist of State modernization and construction funds.

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	
	2021	2020*	2021	2020*
Instruction-related	\$ 328,575,055	\$ 300,423,285	\$ (223,819,012)	\$ (243,041,384)
Pupil services	62,765,049	61,129,063	(36,422,714)	(35,164,294)
Administration	29,226,698	24,184,098	(21,836,642)	(22,220,081)
Plant services	43,868,233	38,335,772	(37,475,807)	(37,974,235)
All other services	31,093,131	33,528,654	(22,092,106)	(28,204,579)
<b>Total</b>	<b>\$ 495,528,166</b>	<b>\$ 457,600,872</b>	<b>\$ (341,646,281)</b>	<b>\$ (366,604,573)</b>

\* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

The main reasons for the year-to-year changes in total cost of services are due to an increase in instructional expenditures, and an increase in pupil services, and an overall increase in services provided to students.

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$322,599,590, which is a decrease of \$5,101,587, or 1.6% from last year (Table 4).

**Table 4**

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General Fund	\$ 123,842,119	\$ 465,060,889	\$ 436,476,356	\$ 152,426,652
Building Fund	136,754,529	61,056	43,832,171	92,983,414
County School Facilities	26,943	17,759,451	17,748,411	37,983
Student Activity Fund	3,009,075	2,171,520	2,368,414	2,812,181
Cafeteria Fund	5,755,383	15,596,420	18,552,463	2,799,340
Capital Facilities Fund	18,474,231	7,656,242	3,050,102	23,080,371
Special Reserve Fund for Capital Outlay Projects	15,432,345	20,215,525	3,822,471	31,825,399
Bond Interest and Redemption Fund	24,406,552	21,005,476	28,777,778	16,634,250
<b>Total</b>	<b>\$ 327,701,177</b>	<b>\$ 549,526,579</b>	<b>\$ 554,628,166</b>	<b>\$ 322,599,590</b>

The primary reasons for these increases/decreases are:

1. The General Fund is the principal operating fund. The actual fund balance during the 2020-2021 fiscal year increased approximately \$28.6 million, primarily due to an increase in revenue received from ESSER, COVID-19 Learning Loss Mitigation Funds and Expanded Learning Opportunities Grant Funds.
2. The Building Fund decreased \$43.8 million mainly attributed to expenditures on Measure H bond projects.
3. The Districts Capital Facilities Fund revenue was \$7.6 million, and expenditures were \$3.0 million for an increase in fund balance of \$4.6 million. Expenditures include \$2.4 million in debt service payments for the 2017 Certificates of Participation.
4. Our Special Reserve fund for Capital Outlay Projects increased \$16.4 million due to State Facilities funds received to reimburse facilities projects that were pre-funded using other funds. Expenditures of \$2.4 million were attributed to debt service payments recorded in the Special Reserve Fund which is offset by a transfer of funds from the Capital Facilities Fund.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in September 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 72.

1. General Fund final budgeted ending fund balance increased by approximately \$53.4 million over the original projection. A total of \$18.5 million in restricted funds were budgeted in expenditure accounts in the original budget and then moved to the Restricted Reserve in the final budget. This is a normal practice of the District as not all restricted monies are spent in the year the monies are received.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the District had \$438,019,489 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$44,406,404, or 11.3%, from last year.

**Table 5**

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 164,609,172	\$ 139,001,617
Buildings and improvements	254,823,206	238,262,853
Equipment	18,587,111	16,348,885
<b>Total</b>	<b>\$ 438,019,489</b>	<b>\$ 393,613,355</b>

This year's increase of \$44.4 million is due primarily to the Measure H construction projects and 21<sup>st</sup> Century classroom furniture.

The District's major construction program is on-going. Smaller, routine facilities projects are also on-going. We present more detailed information about our capital assets in Note 4 to the financial statements.

**Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pension**

At the end of this year, the District had \$335,094,968 in long-term liabilities other than OPEB and pension versus \$354,566,549 last year, a decrease of \$19,163,581, or 5.4%. The long-term liabilities consisted of the following:

**Table 6**

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 276,463,848	\$ 292,936,591
Premium on issuance	16,992,336	18,727,335
Certificates of participation	31,605,000	32,400,000
Premium on issuance	1,580,689	1,661,750
Capital leases	2,162,733	2,541,909
Property and liability	100,000	50,000
Claims liability	334,164	483,265
Supplemental early retirement plan (SERP)	2,962,110	3,141,126
Compensated absences	2,894,088	2,316,573
	<u>\$ 335,094,968</u>	<u>\$ 354,258,549</u>

The District's general obligation bond rating is "Aa2." The State limits the amount of general obligation debt that districts can issue to no more than 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$276,463,848 is significantly below the statutorily-imposed limit.

We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

**OPEB and Pension Liabilities**

At the end of this year, the District had \$105,068,034 in OPEB liability versus \$116,099,655 last year, a decrease of \$11,031,621, or 9.5%

In addition, at the end of this year, the District had \$405,593,166 in aggregate net pension liability versus \$384,173,652 last year, an increase of \$21,419,514, or 5.6%.

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

The District completed site improvements in the amount of \$22.8 million at Kennedy High School, Cypress High School, and Ball Junior High School.

The District received a State School Facilities funding in the amount of \$17.7 million for Anaheim High School and Cypress High School.

The District purchased fifteen compressed natural gas (CNG) buses. The district was awarded a grant from the South Coast Air Quality Management District (SAQMD) that pays for 91% of the cost of the new buses.

The District received \$77.8 million in ESSER, COVID-19 LEA Response Funds, and Expanded Learning Opportunities Funds.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the District's Adopted Budget for the 2021-2022 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Cost-of-Living Adjustment (COLA) of 5.07%.
2. Average Daily Attendance (ADA) was budgeted at a zero decrease from prior year. School districts were funded at the higher ADA of 2019-2020 or 2020-2021.
3. The GAP funding rate is fully funded at 100%.
4. The unduplicated enrollment count percentage used was 79.33%. The three-year rolling average is 77.34%
5. State lottery was budgeted at 199 per ADA.
6. Grants include estimated carryover from 2020-2021 and are adjusted to actual after June 30, 2021.
7. Interest rate for Cash in County is budgeted at 0.9%.
8. Certificated negotiations for the 2021-2022 fiscal year are not complete.
9. Classified negotiations for the 2021-2022 fiscal year are not complete.
10. Health and welfare costs were budgeted for an overall increase due to estimated increase in premiums. Workers' Compensation was budgeted to decrease by 4.2% due to premium decrease.
11. Routine restricted maintenance expenditures include three percent of total budgeted expenditures.

## **Contacting THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business, at (714) 999-3555, Anaheim Union High School District, 501 Crescent Way, Anaheim, California, 92803.

## Anaheim Union High School District

## Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
<b>Assets</b>	
Deposits and investments	\$ 327,082,929
Receivables	78,167,097
Stores inventories	883,314
Capital assets not depreciated	164,609,172
Capital assets, net of accumulated depreciation	<u>273,410,317</u>
Total assets	<u>844,152,829</u>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	704,114
Deferred outflows of resources related to OPEB	19,409,956
Deferred outflows of resources related to pensions	<u>92,681,526</u>
Total deferred outflows of resources	<u>112,795,596</u>
<b>Liabilities</b>	
Accounts payable	42,979,310
Accrued interest payable	4,634,703
Unearned revenue	2,593,131
Claims liability	4,500,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	13,044,527
Long-term liabilities other than OPEB and pensions due in more than one year	322,050,441
Other postemployment benefits (OPEB) liability	105,068,034
Aggregate net pension liability	<u>405,593,166</u>
Total liabilities	<u>900,463,312</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	31,797,658
Deferred inflows of resources related to pensions	<u>29,032,988</u>
Total deferred inflows of resources	<u>60,830,646</u>
<b>Net Position</b>	
Net investment in capital assets	213,307,304
Restricted for	
Debt service	11,999,547
Capital projects	54,943,753
Educational programs	18,526,060
Other activities	38,362,653
Unrestricted (deficit)	<u>(341,484,850)</u>
Total net position (deficit)	<u>\$ (4,345,533)</u>

Anaheim Union High School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 292,146,033	\$ 1,043,196	\$ 80,808,824	\$ 17,759,450	\$ (192,534,563)
Instruction-related activities					
Supervision of instruction	8,637,444	198,935	2,849,979	-	(5,588,530)
Instructional library, media, and technology	1,894,686	-	46,200	-	(1,848,486)
School site administration	25,896,892	11,977	2,037,482	-	(23,847,433)
Pupil services					
Home-to-school transportation	9,152,875	8,046	1,035,897	-	(8,108,932)
Food services	20,536,456	82	15,805,144	-	(4,731,230)
All other pupil services	33,075,718	23,290	9,469,876	-	(23,582,552)
Administration					
Data processing	10,144,050	-	3,355,904	-	(6,788,146)
All other administration	19,082,648	17,559	4,016,593	-	(15,048,496)
Plant services	43,868,233	5,632	6,386,794	-	(37,475,807)
Ancillary services	7,474,927	2,087	3,120,001	-	(4,352,839)
Community services	978,615	24,942	141,410	-	(812,263)
Interest on long-term liabilities	10,951,400	-	-	-	(10,951,400)
Other outgo	11,688,189	2,912,879	2,799,706	-	(5,975,604)
Total governmental activities	<u>\$ 495,528,166</u>	<u>\$ 4,248,625</u>	<u>\$ 131,873,810</u>	<u>\$ 17,759,450</u>	<u>(341,646,281)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					112,630,662
Property taxes, levied for debt service					20,908,386
Taxes levied for other specific purposes					4,464,967
Federal and State aid not restricted to specific purposes					225,897,252
Interest and investment earnings					760,986
Miscellaneous					<u>18,877,655</u>
Subtotal, general revenues and subventions					<u>383,539,908</u>
Change in Net Position					41,893,627
Net Position - Beginning, as restated					<u>(46,239,160)</u>
Net Position - Ending					<u>\$ (4,345,533)</u>

Anaheim Union High School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 110,837,845	\$ 101,013,319	\$ 10,087,720	\$ 65,980,923	\$ 287,919,807
Receivables	75,373,279	63,533	2,278	2,707,059	78,146,149
Due from other funds	1,392,440	12,222	-	10,052,728	11,457,390
Stores inventories	507,301	-	-	376,013	883,314
<b>Total assets</b>	<b>\$ 188,110,865</b>	<b>\$ 101,089,074</b>	<b>\$ 10,089,998</b>	<b>\$ 79,116,723</b>	<b>\$ 378,406,660</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 32,868,090	\$ 8,079,059	\$ 56	\$ 414,324	\$ 41,361,529
Due to other funds	408,011	26,601	10,051,959	1,365,839	11,852,410
Unearned revenue	2,408,112	-	-	185,019	2,593,131
<b>Total liabilities</b>	<b>35,684,213</b>	<b>8,105,660</b>	<b>10,052,015</b>	<b>1,965,182</b>	<b>55,807,070</b>
<b>Fund Balances</b>					
Nonspendable	662,301	-	-	376,013	1,038,314
Restricted	18,526,060	92,983,414	37,983	76,775,528	188,322,985
Assigned	35,832,114	-	-	-	35,832,114
Unassigned	97,406,177	-	-	-	97,406,177
<b>Total fund balances</b>	<b>152,426,652</b>	<b>92,983,414</b>	<b>37,983</b>	<b>77,151,541</b>	<b>322,599,590</b>
<b>Total liabilities and fund balances</b>	<b>\$ 188,110,865</b>	<b>\$ 101,089,074</b>	<b>\$ 10,089,998</b>	<b>\$ 79,116,723</b>	<b>\$ 378,406,660</b>

Anaheim Union High School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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Total Fund Balance - Governmental Funds		\$ 322,599,590
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 628,455,792	
Accumulated depreciation is	<u>(190,436,303)</u>	
Net capital assets		438,019,489
<p>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.</p>		
		(4,634,703)
<p>An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.</p>		
		33,127,145
<p>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</p>		
Debt refundings (deferred charge on refunding)	704,114	
Other postemployment benefits (OPEB) liability	19,409,956	
Aggregate net pension liability	<u>92,681,526</u>	
Total deferred outflows of resources		112,795,596
<p>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</p>		
Other postemployment benefits (OPEB) liability	(31,797,658)	
Aggregate net pension liability	<u>(29,032,988)</u>	
Total deferred inflows of resources		(60,830,646)

Anaheim Union High School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (405,593,166)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(105,068,034)
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	\$ (266,058,955)	
Premium on issuance of general obligation bonds	(16,992,336)	
Certificates of participation	(31,605,000)	
Premium on issuance of certificates of participation	(1,580,689)	
Capital leases	(2,162,733)	
Property and liability	(100,000)	
Supplemental early retirement plan (SERP)	(2,962,110)	
Compensated absences (vacations)	(2,894,088)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is:	<u>(10,404,893)</u>	
Total long-term liabilities		<u>(334,760,804)</u>
Total net position - governmental activities		<u>\$ (4,345,533)</u>

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local Control Funding Formula	\$ 329,871,295	\$ -	\$ -	\$ -	\$ 329,871,295
Federal sources	53,822,897	-	-	14,350,469	68,173,366
Other State sources	69,655,992	-	17,740,536	1,239,277	88,635,805
Other local sources	11,710,705	61,056	18,915	30,873,166	42,663,842
Total revenues	<u>465,060,889</u>	<u>61,056</u>	<u>17,759,451</u>	<u>46,462,912</u>	<u>529,344,308</u>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	269,058,195	-	-	-	269,058,195
Instruction-related activities					
Supervision of instruction	8,029,484	-	-	-	8,029,484
Instructional library, media, and technology	1,757,861	-	-	-	1,757,861
School site administration	23,508,805	-	-	-	23,508,805
Pupil services					
Home-to-school transportation	8,455,903	-	-	-	8,455,903
Food services	397,917	-	-	18,385,294	18,783,211
All other pupil services	30,879,505	-	-	-	30,879,505
Administration					
Data processing	10,512,009	-	-	-	10,512,009
All other administration	17,723,664	-	-	137,313	17,860,977
Plant services	41,629,637	-	-	142,121	41,771,758
Ancillary services	4,872,638	-	-	2,368,414	7,241,052
Community services	919,218	-	-	-	919,218
Other outgo	11,688,189	-	-	-	11,688,189
Facility acquisition and construction	6,600,597	43,832,171	7,875	2,279,292	52,719,935
Debt service					
Principal	379,176	-	-	18,210,000	18,589,176
Interest and other	63,558	-	-	12,607,059	12,670,617
Total expenditures	<u>436,476,356</u>	<u>43,832,171</u>	<u>7,875</u>	<u>54,129,493</u>	<u>534,445,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,584,533</u>	<u>(43,771,115)</u>	<u>17,751,576</u>	<u>(7,666,581)</u>	<u>(5,101,587)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	20,182,271	20,182,271
Transfers out	-	-	(17,740,536)	(2,441,735)	(20,182,271)
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(17,740,536)</u>	<u>17,740,536</u>	<u>-</u>
Net Change in Fund Balances	28,584,533	(43,771,115)	11,040	10,073,955	(5,101,587)
Fund Balance - Beginning, as restated	<u>123,842,119</u>	<u>136,754,529</u>	<u>26,943</u>	<u>67,077,586</u>	<u>327,701,177</u>
Fund Balance - Ending	<u>\$ 152,426,652</u>	<u>\$ 92,983,414</u>	<u>\$ 37,983</u>	<u>\$ 77,151,541</u>	<u>\$ 322,599,590</u>

## Anaheim 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, 2021

Total Net Change in Fund Balances - Governmental Funds \$ (5,101,587)

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

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

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

Capital outlays	\$ 54,420,522
Depreciation expense	<u>(10,004,418)</u>

Net expense adjustment 44,416,104

In the Statement of Activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets sold.

(9,700)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) 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 year, special termination benefits paid were more than the amount earned by \$179,016. Vacation earned was more than the amount used by \$577,515.

(398,499)

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

(18,177,965)

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 aggregate net OPEB liability during the year.

(2,439,800)

The claims activity for property liability are reported in the governmental funds (General Fund) as expenditures. In the Statement of Net Position, the property liabilities incurred but not claimed are reported as long-term obligations.

(50,000)

Anaheim 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, 2021

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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	\$ 17,415,000
Certificates of participation	795,000
Capital leases	379,176

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances

Amortization of premium on issuance	1,816,060
Amortization of deferred charge on refunding	(183,682)

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and certificates of participation decreased by \$1,029,096, and second, \$942,257 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.

86,839

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

3,346,681

Change in net position of governmental activities

\$ 41,893,627

Anaheim Union High School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

	Governmental Activities <u>Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 39,163,122
Receivables	20,948
Due from other funds	<u>395,020</u>
Total current assets	<u>39,579,090</u>
Liabilities	
Current liabilities	
Accounts payable	1,617,781
Current portion of claims liabilities	<u>4,581,041</u>
Total current liabilities	<u>6,198,822</u>
Noncurrent liabilities	
Claims liabilities	<u>253,123</u>
Net Position	
Restricted	<u><u>\$ 33,127,145</u></u>

Anaheim Union High School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

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	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	\$ 55,274,527
Operating Expenses	
Other operating cost	52,235,275
Operating Income	3,039,252
Nonoperating Revenues	
Interest income	307,429
Change in Net Position	3,346,681
Total Net Position - Beginning	29,780,464
Total Net Position - Ending	\$ 33,127,145

Anaheim Union High School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	<u>Governmental Activities Internal Service Fund</u>
Operating Activities	
Cash received from interfund services provided	\$ 54,887,049
Cash payments for insurance premiums	<u>(53,227,607)</u>
Net Cash Provided by Operating Activities	<u>1,659,442</u>
Investing Activities	
Interest on investments	<u>324,408</u>
Net Change in Cash and Cash Equivalents	1,983,850
Cash and Cash Equivalents, Beginning	<u>37,179,272</u>
Cash and Cash Equivalents, Ending	<u>\$ 39,163,122</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 3,039,252
Changes in assets and liabilities	
Receivables	7,542
Due from other fund	(395,020)
Accounts payable	(343,231)
Claims liability	<u>(649,101)</u>
Net Cash From Operating Activities	<u>\$ 1,659,442</u>

Anaheim Union High School District  
Statement of Net Position – Fiduciary Fund  
June 30, 2021

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	<u>Custodial Funds</u>
Assets	
Investments	<u>\$          218</u>
Liabilities	
Accounts payable	<u>\$          218</u>

Anaheim Union High School District  
Statement of Changes in Net Position – Fiduciary Fund  
Year Ended June 30, 2021

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	<u>Custodial Funds</u>
Additions	
Funds collected for others	<u>\$ 12,464,263</u>
Deductions	
Funds distributed to others	<u>12,464,263</u>
Net Increase (Decrease) In Fiduciary Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ -</u></u>

**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The Anaheim Union High School District (the District) was organized in 1898 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 7-12 as mandated by the State and Federal agencies. The District operates eight high schools, one continuation high school, eight junior high schools, one 7-12 academy, one special education facility, and an independent study 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 the District, this includes general operations, food service, and student related activities.

**Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may 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. For financial reporting purposes, the component units have 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 units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Anaheim Union High School District Facilities Corporation (the Corporation), as represented by the 2017 Certificates of Participation, have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District. The financial statements present the Corporation's financial debt activity within the Capital Facilities Fund. All debt instruments issued by the Corporation are included as long-term obligations 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 three broad fund categories: governmental, proprietary, and fiduciary.

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

**Major Governmental Funds**

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has 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 \$5,499,993, an increase of revenues of \$11,824, and a decrease in expenditures and other financing uses of \$3,205,711.

**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.

**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), 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.).

### 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.
- **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).

**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).
- **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 obligations.

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

**Proprietary Fund** Proprietary Fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Fund may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates workers' compensation and health and welfare self-insurance programs that are accounted for in an internal service fund.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial fund account for monies received on behalf of Special Education Local Plan Area (SELPA) for special education revenue passed through to Greater Anaheim Special Education Local Plan Area (GASELPA).

#### **Basis of Accounting - Measurement Focus**

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Proprietary Funds** Proprietary Funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, 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 government-wide statements.

### **Cash and Cash Equivalents**

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

### **Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are 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 type funds when consumed rather than when purchased.

### **Capital Assets and Depreciation**

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

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

### **Compensated Absences**

Compensated absences are accrued as a liability on the government-wide statement of net position as the benefits are earned. For governmental funds, unpaid compensation absences are recognized as a fund liability only 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 recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the 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 and proprietary fund financial statements. In the government-wide financial statements and in the proprietary fund type financial statements, premiums and discounts on issuance of long-term liabilities are deferred and amortized over the life of the related debt as a component of interest expense using the straight-line method. In the governmental funds, premiums and discounts on issuance of long-term liabilities are recognized as other financing sources and uses, respectively.

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

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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans 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 obligations are reported as liabilities in the applicable governmental activities, statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

**Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

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

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

**Fund Balances - Governmental Funds**

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

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

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

**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. The District currently does not have any committed funds.

**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 assistant superintendent of business may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 net position restricted by enabling legislation of \$123,832,013.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary cost incurred to provide the good or service that is the primary activity of the fund.

**Interfund Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities 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 Orange 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. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

**New Accounting Pronouncements**

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

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

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

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

Governmental funds	\$ 327,082,929
Fiduciary funds	<u>218</u>
Total deposits and investments	<u><u>\$ 327,083,147</u></u>

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

Cash on hand and in banks	\$ 8,104,819
Cash in revolving	155,000
Investments	<u>318,823,328</u>
Total deposits and investments	<u><u>\$ 327,083,147</u></u>

## Policies and Practices

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

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

## General Authorizations

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing primarily in the Orange County Treasury Investment Pool and having the Pool purchase 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity Date/ Average Maturity in Days</u>
Orange County Treasury Investment Pool	<u>\$ 318,823,328</u>	375

### 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 investment in the Orange County Treasury Investment Pool has been rated Aaa by Moody's Investor Service.

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. Monies so deposited shall be in a fully-secured or collateralized account or instruments. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$4,268,832 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Note 3 - Receivables**

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government						
Categorical aid	\$ 12,615,164	\$ -	\$ -	\$ 2,454,889	\$ -	\$ 15,070,053
State Government						
LCFF apportionment	48,022,818	-	-	-	-	48,022,818
Categorical aid	3,758,814	-	-	206,473	-	3,965,287
Lottery	1,962,698	-	-	-	-	1,962,698
Special education	7,009,522	-	-	-	-	7,009,522
Local Government						
Interest	239,438	50,002	2,278	20,928	17,946	330,592
Greater Anaheim SELPA	1,315,407	-	-	-	-	1,315,407
Other local sources	449,418	13,531	-	24,769	3,002	490,720
<b>Total</b>	<b>\$ 75,373,279</b>	<b>\$ 63,533</b>	<b>\$ 2,278</b>	<b>\$ 2,707,059</b>	<b>\$ 20,948</b>	<b>\$ 78,167,097</b>

**Note 4 - Capital Assets**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 9,063,222	\$ -	\$ -	\$ 9,063,222
Construction in progress	129,938,395	50,314,043	(24,706,488)	155,545,950
<b>Total capital assets not being depreciated</b>	<b>139,001,617</b>	<b>50,314,043</b>	<b>(24,706,488)</b>	<b>164,609,172</b>
Capital assets being depreciated				
Land improvements	23,116,380	113,700	-	23,230,080
Buildings and improvements	380,644,867	24,520,774	(97,000)	405,068,641
Furniture and equipment	16,670,593	2,532,847	-	19,203,440
Vehicles	14,698,813	1,645,646	-	16,344,459
<b>Total capital assets being depreciated</b>	<b>435,130,653</b>	<b>28,812,967</b>	<b>(97,000)</b>	<b>463,846,620</b>
<b>Total capital assets</b>	<b>574,132,270</b>	<b>79,127,010</b>	<b>(24,803,488)</b>	<b>628,455,792</b>
Accumulated depreciation				
Land improvements	(19,446,965)	(322,459)	-	(19,769,424)
Buildings and improvements	(146,051,699)	(7,741,692)	87,300	(153,706,091)
Furniture and equipment	(9,692,854)	(1,029,459)	-	(10,722,313)
Vehicles	(5,327,667)	(910,808)	-	(6,238,475)
<b>Total accumulated depreciation</b>	<b>(180,519,185)</b>	<b>(10,004,418)</b>	<b>87,300</b>	<b>(190,436,303)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 393,613,085</b>	<b>\$ 69,122,592</b>	<b>\$ (24,716,188)</b>	<b>\$ 438,019,489</b>

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

<b>Governmental Activities</b>	
Instruction	\$ 6,302,783
School site administration	800,353
Home-to-school transportation	300,133
Food services	900,398
Data processing	100,044
All other administration	500,221
Plant services	1,100,486
<b>Total depreciation expenses governmental activities</b>	<b>\$ 10,004,418</b>

**Note 5 - Interfund Transactions**

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

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

Due To	Due From				Total
	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 26,601	\$ -	\$ 1,365,839	\$ 1,392,440
Building Fund	12,222	-	-	-	12,222
Non-Major Governmental Funds	769	-	10,051,959	-	10,052,728
Internal Service Fund	395,020	-	-	-	395,020
<b>Total</b>	<b>\$ 408,011</b>	<b>\$ 26,601</b>	<b>\$ 10,051,959</b>	<b>\$ 1,365,839</b>	<b>\$ 11,852,410</b>

A balance of \$1,162,359 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for repayment of payroll related costs and supplies.

The balance of \$26,601 due to the General Fund from the Building Fund is for reimbursement of payroll related costs.

A balance of \$203,480 due to the General Fund from the Capital Facilities Non-Major Governmental Fund is for reimbursement of project costs and operating costs.

The balance of \$12,222 due to the Building Fund from the General Fund is for reimbursement of operating costs.

The balance of \$769 due to the Capital Facilities Non-Major Governmental Fund from the General Fund is for reimbursement of project costs.

The balance of \$10,051,959 due to the Special Reserve Fund for Capital Outlay Projects from the County School Facilities Fund is for reimbursement of Proposition 51 project costs.

The balance of \$395,020 due to the Internal Service Fund from the General Fund is for retiree benefits.

**Operating Transfers**

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

Transfer To	County School Facilities Fund	Transfer From Non-Major Governmental Funds	Total
Non-Major Governmental Funds	<u>\$ 17,740,536</u>	<u>\$ 2,441,735</u>	<u>\$ 20,182,271</u>
The County School Facilities Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of Proposition 51 project costs.			\$ 17,740,536
The Capital Facilities Non-Major Governmental Fund transferred to the the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to pay debt service payments for the certificates of participation.			<u>2,441,735</u>
Total			<u>\$ 20,182,271</u>

**Note 6 - Accounts Payable**

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>County School Facilities Fund</u>	
Salaries and benefits	\$ 11,226,776	\$ 52,171	\$ -	
LCFF apportionment	6,147,032	-	-	
Supplies	6,492,047	151,063	-	
Services	2,582,170	115,413	-	
Capital outlay	357,955	7,760,412	-	
Other local education agencies	16,000	-	-	
Greater Anaheim SELPA	180,226	-	-	
California Department of Education	5,340,862	-	-	
Other vendor payables	525,022	-	56	
	<u>\$ 32,868,090</u>	<u>\$ 8,079,059</u>	<u>\$ 56</u>	
	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>	<u>Fiduciary Funds</u>
Salaries and benefits	\$ 4,710	\$ -	\$ 11,283,657	\$ -
LCFF apportionment	-	-	6,147,032	-
Supplies	230,174	-	6,873,284	-
Services	20,613	1,617,781	4,335,977	-
Capital outlay	88,094	-	8,206,461	-
Other local education agencies	-	-	16,000	218
Greater Anaheim SELPA	-	-	180,226	-
California Department of Education	-	-	5,340,862	-
Other vendor payables	70,733	-	595,811	-
	<u>\$ 414,324</u>	<u>\$ 1,617,781</u>	<u>\$ 42,979,310</u>	<u>\$ 218</u>

**Note 7 - Unearned Revenues**

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,694,491	\$ -	\$ 1,694,491
Other local	713,621	185,019	898,640
<b>Total</b>	<b>\$ 2,408,112</b>	<b>\$ 185,019</b>	<b>\$ 2,593,131</b>

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

**Summary**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
<b>Long-Term Liabilities</b>					
General obligation bonds	\$ 292,936,591	\$ 942,257	\$ (17,415,000)	\$ 276,463,848	\$ 9,790,000
Premium on issuance	18,727,335	-	(1,734,999)	16,992,336	-
Certificates of participation	32,400,000	-	(795,000)	31,605,000	935,000
Premium on issuance	1,661,750	-	(81,061)	1,580,689	-
Capital leases	2,541,909	-	(379,176)	2,162,733	338,151
Property and liability	50,000	50,000	-	100,000	-
Claims liability	483,265	-	(149,101)	334,164	68,060
Supplemental early retirement plan (SERP)	3,141,126	1,747,990	(1,927,006)	2,962,110	1,913,316
Compensated absences	2,316,573	577,515	-	2,894,088	-
<b>Total</b>	<b>\$ 354,258,549</b>	<b>\$ 3,317,762</b>	<b>\$ (22,481,343)</b>	<b>\$ 335,094,968</b>	<b>\$ 13,044,527</b>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation are made by the Special Reserve Fund for Capital Outlay Projects with contributions from the Capital Facilities Fund. Payments for capital leases, property and liability, and supplemental early retirement plan are made by the General Fund. Claims liability will be paid by the Internal Service Fund. The compensated absences will be paid by the General Fund, Cafeteria Fund, and Building 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, 2020	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
06/06/02	08/01/26	3.00-5.70%	\$ 91,999,603	\$ 5,947,323	\$ 343,828	\$ -	\$ 6,291,151
12/05/03	08/01/28	2.00-5.54%	26,999,352	8,704,268	598,429	-	9,302,697
10/11/12	08/01/27	2.50-5.00%	21,225,000	14,795,000	-	(1,100,000)	13,695,000
05/07/15	08/01/40	3.25-5.00%	63,455,000	47,045,000	-	-	47,045,000
05/07/15	08/01/25	5.00%	57,455,000	38,100,000	-	(5,805,000)	32,295,000
04/05/18	08/01/43	3.25-5.00%	83,000,000	75,800,000	-	(4,510,000)	71,290,000
11/13/19	08/01/43	3.00-5.00%	102,545,000	102,545,000	-	(6,000,000)	96,545,000
				<u>\$ 292,936,591</u>	<u>\$ 942,257</u>	<u>\$ (17,415,000)</u>	<u>\$ 276,463,848</u>

**2002 General Obligation Bonds, Series A**

On June 6, 2002, the District issued \$91,999,603 aggregate original principal amount of the 2002 General Obligation Bonds, Series A. The bonds issued included \$89,790,000 of current interest bonds and \$2,209,603 of capital appreciation bonds. The capital appreciation bonds have a maturing principal balance of \$8,570,000. The bonds mature through August 1, 2026, with interest rates ranging from 3.00 to 5.70%.

On January 13, 2005, \$67,565,000 of the bonds were advanced refunded with proceeds from the 2005 General Obligation Refunding Bonds. At June 30, 2021, the principal balance outstanding (including accreted interest to date) was \$6,291,151 and unamortized premium was \$495,142.

**2003 General Obligation Bonds, Series B**

On December 5, 2003, the District issued \$26,999,352 aggregate original principal amount of the 2003 General Obligation Bonds, Series B. The bonds issued included \$24,020,000 of current interest bonds and \$2,979,352 of capital appreciation bonds. The capital appreciation bonds have a maturing principal balance of \$15,040,000. The bonds mature through August 1, 2028, with interest rates ranging from 2.00 to 5.54%.

As a result of the issuance of the 2012 General Obligation Refunding Bonds, a partial funding of \$21,985,000 was affected for these bonds. As of June 30, 2021, the principal balance outstanding (including accreted interest to date) was \$9,302,697.

**2012 General Obligation Refunding Bonds**

On October 11, 2012, the District issued \$21,225,000 of the 2012 General Obligation Refunding Bonds. The current interest bonds mature through August 1, 2027, with interest rates ranging from 2.50 to 5.00%. Proceeds from the bonds were used to advance refund the District's outstanding 2003 General Obligation Bonds, Series B current interest bonds, with prepayment occurring August 1, 2013.

As of June 30, 2021, the principal balance outstanding was \$13,695,000, and unamortized premium was \$840,558.

**2014 General Obligation Bonds, Series 2015**

On May 7, 2015, the District issued \$63,455,000 of the 2014 General Obligation Bonds, Series 2015. The bonds mature through August 1, 2040, with interest rates ranging from 3.25 to 5.00%. The proceeds from the sales of the bonds were used to finance school improvements, including prepayment on a current basis of lease payments associated with certain of the District's outstanding certificates of participations, and to pay costs of issuance. At June 30, 2021, the principal balance outstanding was \$47,045,000 and unamortized premium was \$2,202,249.

**2015 General Obligation Refunding Bonds**

On May 7, 2015, the District issued \$57,455,000 of the 2015 General Obligation Refunding Bonds. The bonds mature through August 1, 2025, and with an interest rate of 5.00%.

The bonds were issued to refund \$58,320,000 of the outstanding 2005 General Obligation Refunding Bonds and \$6,495,000 of the outstanding 2002 General Obligation Bonds, Series 2006C. As of June 30, 2021, the principal balance of \$32,295,000 remained outstanding and unamortized premium and deferred charges on refunding were \$3,650,387 and \$704,114, respectively.

**2014 General Obligation Bonds, Series 2018**

On April 5, 2018, the District issued \$83,000,000 of the 2014 General Obligation Bonds, Series 2018. The bonds mature through August 1, 2043, with interest rates ranging from 3.25 to 5.00%. The proceeds from the sales of the bonds will be used to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 4, 2014, and to pay costs of issuance. At June 30, 2021, the principal balance outstanding was \$71,290,000 and unamortized premium was \$3,491,208.

**2014 General Obligation Bonds, Series 2019**

On November 13, 2019, the District issued \$102,545,000 of the 2014 General Obligation Bonds, Series 2019. The bonds mature through August 1, 2043, with interest rates ranging from 3.00 to 5.00%. The proceeds from the sales of the bonds will be used to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 4, 2014, and to pay costs of issuance. At June 30, 2021, the principal balance outstanding was \$96,545,000 and unamortized premium was \$6,312,792.

**Debt Service Requirements to Maturity**

The General Obligation Bonds mature through 2044 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2022	\$ 9,790,000	\$ -	\$ 9,899,013	\$ 19,689,013
2023	10,690,000	-	9,387,013	20,077,013
2024	10,555,000	-	8,862,538	19,417,538
2025	11,455,000	-	8,325,962	19,780,962
2026	12,585,000	-	7,750,550	20,335,550
2027-2031	52,843,848	8,016,152	33,163,052	94,023,052
2032-2036	47,795,000	-	25,101,612	72,896,612
2037-2041	68,865,000	-	15,090,566	83,955,566
2042-2044	51,885,000	-	2,665,375	54,550,375
Total	<u>\$ 276,463,848</u>	<u>\$ 8,016,152</u>	<u>\$ 120,245,681</u>	<u>\$ 404,725,681</u>

**Certificates of Participation**

**2017 Certificates of Participation**

On January 11, 2017, the District issued certificates of participation in the amount \$34,595,000. The certificates of participation were issued to finance the costs of acquiring, constructing, installing, and equipping certain improvements to the sites and facilities owned by the District and to pay cost of issuance. The interest rates range from 3.00 to 5.00%, and the certificates of participation mature through September 1, 2041. At June 30, 2021, the principal balance outstanding was \$31,605,000 and unamortized premium was \$1,580,689.

**Debt Service Requirements to Maturity**

The certificates of participation mature through 2042 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 935,000	\$ 1,201,031	\$ 2,136,031
2023	1,090,000	1,150,406	2,240,406
2024	1,260,000	1,091,656	2,351,656
2025	1,440,000	1,024,156	2,464,156
2026	1,640,000	947,156	2,587,156
2027-2031	11,650,000	3,359,431	15,009,431
2032-2036	8,235,000	1,522,448	9,757,448
2037-2041	4,470,000	494,725	4,964,725
2042	885,000	15,488	900,488
Total	<u>\$ 31,605,000</u>	<u>\$ 10,806,497</u>	<u>\$ 42,411,497</u>

**Capital Lease**

The District has entered into an agreement to lease vehicles and pool covers. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on the lease agreements with option to purchase are summarized below:

Balance, July 1, 2020	\$ 2,802,540
Payments	<u>(442,734)</u>
Balance, July 1, 2021	<u>\$ 2,359,806</u>

The capital lease has minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 393,301
2023	393,301
2024	393,301
2025	393,301
2026	393,301
2027	<u>393,301</u>
Total	2,359,806
Less amount representing interest	<u>(197,073)</u>
Present value of minimum lease payments	<u>\$ 2,162,733</u>

Leased equipment under the capital lease at June 30, 2021 is included in the capital assets as follows:

Equipment	\$ 4,588,682
Less accumulated depreciation	<u>(1,141,131)</u>
Total	<u>\$ 3,447,551</u>

**Property and Liability**

The District has a property and liability program balance of \$100,000 at June 30, 2021.

**Supplemental Early Retirement Plan (SERP)**

During the 2014-2015, 2015-2016, 2016-2017, 2017-2018, and 2020-2021 fiscal years, the District adopted supplemental early retirement plans whereby certain eligible certificated and classified employees are provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The criteria for participation are as follows; full-time certificated and classified employees of the District, at least 55 years of age by the date of retirement, with at least five years of continuous service with the District by date of retirement. The annuities offered to the employees are to be paid over a five-year period.

Future annuity payments are as follows:

Year Ending June 30,	SERP Payment
2022	\$ 1,913,316
2023	349,598
2024	349,598
2025	349,598
Total	<u>\$ 2,962,110</u>

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$2,894,088.

**Note 9 - Net Other Postemployment Benefit (OPEB) Liability**

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 103,028,950	\$ 19,409,956	\$ 31,797,658	\$ 4,890,280
Medicare Premium Payment (MPP) Program	<u>2,039,084</u>	<u>-</u>	<u>-</u>	<u>202,590</u>
Total	<u>\$ 105,068,034</u>	<u>\$ 19,409,956</u>	<u>\$ 31,797,658</u>	<u>\$ 5,092,870</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**

As of July 1, 2020, valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	296
Active employees	<u>2,533</u>
Total	<u><u>2,829</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.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Anaheim Secondary Teacher Association (ASTA), the local California Service Employees Association (CSEA), Anaheim Professional Guidance Association (APGA), American Federation of State, County, and Municipal Employees (AFSCME), and unrepresented groups. The benefit payments are based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ASTA, CSEA, APGA, AFSCME and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$2,653,070 in benefits.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$103,028,950 was measured as of June 30, 2021 and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 %
Salary increases	3.00 %, average, including inflation
Discount rate	1.92 % for 2021
Healthcare cost trend rates	5.00 % for 2021

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

The mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated and CalPERS experience Study (1997-2015) for classified.

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

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	<u>\$ 114,263,161</u>
Service cost	3,870,080
Interest	2,329,292
Differences between expected and actual experience in the measurement of the total OPEB liability	(25,796,543)
Changes of assumptions	11,016,030
Benefit payments	<u>(2,653,070)</u>
Net change in total OPEB liability	<u>(11,234,211)</u>
Balance, June 30, 2021	<u><u>\$ 103,028,950</u></u>

Changes of assumptions reflect a change in the discount rate from 2.45% to 1.92%.

**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 discount rate:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (0.92%)	\$ 118,291,044
Current discount rate (1.92%)	103,028,950
1% increase (2.92%)	90,444,095

**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:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (4.00%)	\$ 86,182,457
Current healthcare cost trend rate (5.00%)	103,028,950
1% increase (6.00%)	124,662,929

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,890,280. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience in the measurement of the total OPEB liability	\$ -	\$ 31,797,658
Changes of assumptions	19,409,956	-
Total	<u>\$ 19,409,956</u>	<u>\$ 31,797,658</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (1,309,092)
2023	(1,309,092)
2024	(1,309,092)
2025	(1,309,092)
2026	(1,309,092)
Thereafter	(5,842,242)
Total	<u>\$ (12,387,702)</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, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### Benefits Provided

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

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

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

### Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$2,039,084 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.4812%, and 0.4932%, resulting in a net decrease in the proportionate share of 0.0120%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$202,590.

### Actuarial Methods and Assumptions

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

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

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

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

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

**Discount Rate**

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

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 2,254,775
Current discount rate (2.21%)	2,039,084
1% increase (3.21%)	1,855,547

**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:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,848,907
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	2,039,084
1% increase (5.50% Part A and 6.40% Part B)	2,258,013

**Note 10 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Revolving cash	\$ 155,000	\$ -	\$ -	\$ -	\$ 155,000
Stores inventories	507,301	-	-	376,013	883,314
<b>Total nonspendable</b>	<b>662,301</b>	<b>-</b>	<b>-</b>	<b>376,013</b>	<b>1,038,314</b>
<b>Restricted</b>					
Legally restricted programs	18,526,060	-	-	2,812,181	21,338,241
Food service	-	-	-	2,423,327	2,423,327
Capital projects	-	92,983,414	37,983	54,905,770	147,927,167
Debt services	-	-	-	16,634,250	16,634,250
<b>Total restricted</b>	<b>18,526,060</b>	<b>92,983,414</b>	<b>37,983</b>	<b>76,775,528</b>	<b>188,322,985</b>
<b>Assigned</b>					
Classified summer assistance benefits	185,000	-	-	-	185,000
Reserve for operations equipment	225,000	-	-	-	225,000
Reserve for buses	500,000	-	-	-	500,000
School site carryover	1,511,797	-	-	-	1,511,797
Supplemental and concentration carryover	2,026,484	-	-	-	2,026,484
Additional 3% reserve	13,190,462	-	-	-	13,190,462
Textbook reserve	12,693,378	-	-	-	12,693,378
Deferred maintenance	5,499,993	-	-	-	5,499,993
<b>Total assigned</b>	<b>35,832,114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,832,114</b>
<b>Unassigned</b>					
Remaining unassigned	97,406,177	-	-	-	97,406,177
<b>Total</b>	<b>\$ 152,426,652</b>	<b>\$ 92,983,414</b>	<b>\$ 37,983</b>	<b>\$ 77,151,541</b>	<b>\$ 322,599,590</b>

**Note 11 - Risk Management - Claims****Description**

The Anaheim Union High School District's risk management activities are recorded in the General Fund and in the Health and Welfare and the Workers' Compensation Self-Insurance Funds. The purpose of the Self-Insurance Funds is to administer retiree and employee medical, dental, vision, and workers' compensation programs of the Anaheim Union High School District on a cost-reimbursement basis. These funds account for the risk financing activities of the Anaheim Union High School District, but do not constitute a transfer of risk for the Anaheim Union High School District. As of 1997-1998, the District has purchased an insurance policy for workers' compensation and is fully insured. Unpaid claims liability relates to the period prior to 1997-1998.

The District participates in the Southern California Regional Liability Excess Fund for property and liability coverage and Protected Insurance Program for Schools (PIPS) for workers' compensation coverage. Refer to Note 14 for additional information regarding the JPA's.

**Claims Liabilities**

Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

**Unpaid Claims Liabilities**

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

	Workers' Compensation	Health and Welfare	Total
Liability Balance, July 1, 2019	\$ 497,180	\$ 6,037,096	\$ 6,534,276
Claims and changes in estimates	62,788	43,384,856	43,447,644
Claims payments	<u>(76,703)</u>	<u>(44,421,952)</u>	<u>(44,498,655)</u>
Liability Balance, June 30, 2020	483,265	5,000,000	5,483,265
Claims and changes in estimates	(68,060)	44,965,995	44,897,935
Claims payments	<u>(81,041)</u>	<u>(45,465,995)</u>	<u>(45,547,036)</u>
Liability Balance, June 30, 2021	<u>\$ 334,164</u>	<u>\$ 4,500,000</u>	<u>\$ 4,834,164</u>
Assets available to pay claims at June 30, 2021	<u>\$ 563,560</u>	<u>\$ 39,015,530</u>	<u>\$ 39,579,090</u>

**Note 12 - Employee Retirement Systems**

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 267,603,460	\$ 68,309,392	\$ 24,138,530	\$ 32,427,688
CalPERS	<u>137,989,706</u>	<u>24,372,134</u>	<u>4,894,458</u>	<u>25,217,545</u>
Total	<u>\$ 405,593,166</u>	<u>\$ 92,681,526</u>	<u>\$ 29,032,988</u>	<u>\$ 57,645,233</u>

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)****Plan Description**

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

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

**Benefits Provided**

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

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

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

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

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

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$25,965,763.

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

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

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 267,603,460
State's proportionate share of the net pension liability	<u>137,949,615</u>
Total	<u><u>\$ 405,553,075</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.2761% and 0.2788%, resulting in a net decrease in the proportionate share of 0.0027%.

For the year ended June 30, 2021, the District recognized pension expense of \$32,427,688. In addition, the District recognized pension expense and revenue of \$19,325,387 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 25,965,763	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,419,586	16,591,654
Differences between projected and actual earnings on pension plan investments	6,356,718	-
Differences between expected and actual experience in the measurement of the total pension liability	472,198	7,546,876
Changes of assumptions	<u>26,095,127</u>	<u>-</u>
Total	<u><u>\$ 68,309,392</u></u>	<u><u>\$ 24,138,530</u></u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (3,878,831)
2023	2,165,850
2024	4,321,114
2025	3,748,585
Total	<u>\$ 6,356,718</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
2022	\$ 3,332,827
2023	3,079,786
2024	5,835,397
2025	(550,021)
2026	575,153
Thereafter	(424,761)
Total	<u>\$ 11,848,381</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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

**Discount Rate**

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 404,311,551
Current discount rate (7.10%)	267,603,460
1% increase (8.10%)	154,731,679

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation 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 provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$13,501,505.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$137,989,706. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.4497% and 0.4543%, resulting in a net decrease in the proportionate share of 0.0046%.

For the year ended June 30, 2021, the District recognized pension expense of \$25,217,545. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 13,501,505	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	648,242	4,894,458
Differences between projected and actual earnings on pension plan investments	2,872,507	-
Differences between expected and actual experience in the measurement of the total pension liability	6,843,866	-
Changes of assumptions	<u>506,014</u>	<u>-</u>
Total	<u>\$ 24,372,134</u>	<u>\$ 4,894,458</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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (1,074,951)
2023	958,819
2024	1,666,584
2025	<u>1,322,055</u>
Total	<u>\$ 2,872,507</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 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 2,600,587
2023	1,117,189
2024	(541,527)
2025	<u>(72,585)</u>
Total	<u>\$ 3,103,664</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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 198,385,366
Current discount rate (7.15%)	137,989,706
1% increase (8.15%)	87,864,340

### Social Security

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

### On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$15,611,820 (10.328% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### Note 13 - Commitments and Contingencies

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Magnolia High School - Portable Buildings Certification and TMP Ramps	\$ 181,540	August 2021
Dale Jr. High School/Polaris - New Construction & Modernization	15,538,580	September 2021
Anaheim High School - Exterior Painting	241,000	September 2021
Gilbert High School - Exterior Painting	117,000	September 2021
Magnolia High School - SIP	5,187,719	November 2021
Ball Jr. High School - SIP	4,788,348	January 2022
Western High School - iLab	795,678	January 2022
Sycamore Jr. High School - SIP	9,966,001	March 2022
Magnolia High School - Locker Room	4,844,123	April 2022
	<u>\$ 41,659,989</u>	
Total		

### Grants

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

## **Litigation**

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

## **Note 14 - Participation in Joint Powers Agencies and Public Entity Risk Pools**

The District is a member of the North Orange County Regional Occupational Program (NOCROP), the Southern California Regional Liability Excess Fund (SCRLEF), the Protected Insurance Program for Schools (PIPS) public entity risk pools. The District pays an annual premium to each entity for its health and property/liability coverage, education services, and workers' compensation. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed one board member to the governing board of NOCROP, SCRLEF, and PIPS.

During the year-ended June 30, 2021, the District made payments of \$8,040,800, \$2,709,716, and \$6,196,655 to NOCROP, SCRLEF, and PIPS, respectively, for services rendered and pass-through funds.

## **Note 15 - Subsequent Events**

In July 2021, the District adopted a supplemental early retirement plan whereby certain eligible employees are provided an annuity to supplement the retirement the retirement benefits they are entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The future annuity payments total to \$6,157,985.

**Note 16 - Restatement of Prior Year Net Position and Fund Balance**

As of July 1, 2020, the Anaheim Union High School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
	<u>                    </u>	<u>                    </u>
Beginning Fund Balance previously reported at June 30, 2020	\$ 64,068,511	\$ 324,692,102
Reclassification of student activity from agency funds to a special revenue fund	<u>3,009,075</u>	<u>3,009,075</u>
Fund Balance - Beginning as restated July 1, 2020	<u>\$ 67,077,586</u>	<u>\$ 327,701,177</u>
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ (49,248,235)
Reclassification of student activity from agency funds to a special revenue fund		<u>3,009,075</u>
Net Position - Beginning as restated July 1, 2020		<u>\$ (46,239,160)</u>



Required Supplementary Information  
June 30, 2021

# Anaheim Union High School District

Anaheim Union High School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 300,089,531	\$ 330,353,175	\$ 329,871,295	\$ (481,880)
Federal sources	21,117,907	84,608,878	53,822,897	(30,785,981)
Other State sources	44,228,191	77,783,626	69,655,992	(8,127,634)
Other local sources	8,025,872	13,076,722	11,710,705	(1,366,017)
Total revenues <sup>1</sup>	<u>373,461,501</u>	<u>505,822,401</u>	<u>465,060,889</u>	<u>(40,761,512)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	155,653,275	166,381,800	166,376,527	5,273
Classified salaries	60,918,083	62,775,019	62,469,125	305,894
Employee benefits	119,910,174	119,243,799	119,240,322	3,477
Books and supplies	18,669,229	69,986,477	33,344,749	36,641,728
Services and operating expenditures	27,187,185	35,092,593	33,820,798	1,271,795
Other outgo	12,993,414	12,000,311	12,130,923	(130,612)
Capital outlay	1,449,337	8,985,992	9,093,912	(107,920)
Total expenditures <sup>1</sup>	<u>396,780,697</u>	<u>474,465,991</u>	<u>436,476,356</u>	<u>37,989,635</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,319,196)</u>	<u>31,356,410</u>	<u>28,584,533</u>	<u>(2,771,877)</u>
Other Financing Uses				
Transfers out	<u>(1,500,000)</u>	<u>(3,655,974)</u>	<u>-</u>	<u>3,655,974</u>
Net Change in Fund Balances	(24,819,196)	27,700,436	28,584,533	884,097
Fund Balance - Beginning	<u>123,842,119</u>	<u>123,842,119</u>	<u>123,842,119</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 99,022,923</u>	<u>\$ 151,542,555</u>	<u>\$ 152,426,652</u>	<u>\$ 884,097</u>

<sup>1</sup> Due to consolidation of Fund 14, Deferred Maintenance Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund are included in the Actual (GAAP Basis) revenues and expenditures; however, are not included in the original and final General Fund budgets.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 3,870,080	\$ 2,643,573	\$ 2,408,818	\$ 2,659,508
Interest	2,329,292	3,278,804	3,417,335	3,773,411
Differences between expected and actual experience in the measurement of the total OPEB liability	(25,796,543)	-	(13,324,792)	-
Changes of assumptions	11,016,030	7,781,060	5,752,014	-
Benefit payments	(2,653,070)	(3,077,907)	(3,786,266)	(2,974,091)
Net change in total OPEB liability	(11,234,211)	10,625,530	(5,532,891)	3,458,828
Total OPEB Liability - Beginning	114,263,161	103,637,631	109,170,522	105,711,694
Total OPEB Liability - Ending	<u>\$ 103,028,950</u>	<u>\$ 114,263,161</u>	<u>\$ 103,637,631</u>	<u>\$ 109,170,522</u>
Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Total OPEB Liability as a Percentage of Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> 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.

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.4812%	0.4932%	0.4747%	0.4962%
Proportionate share of the net OPEB liability	\$ 2,039,084	\$ 1,836,494	\$ 1,816,867	\$ 2,087,528
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup>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.

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

	2021	2020	2019	2018
<b>CalSTRS</b>				
Proportion of the net pension liability	0.2761%	0.2788%	0.2645%	0.2741%
Proportionate share of the net pension liability	\$ 267,603,460	\$ 251,777,560	\$ 243,050,018	\$ 253,465,278
State's proportionate share of the net pension liability	137,949,615	137,361,468	139,157,502	149,947,918
Total	<u>\$ 405,553,075</u>	<u>\$ 389,139,028</u>	<u>\$ 382,207,520</u>	<u>\$ 403,413,196</u>
Covered payroll	<u>\$ 152,670,427</u>	<u>\$ 151,829,644</u>	<u>\$ 142,788,683</u>	<u>\$ 146,765,787</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>175.28%</u>	<u>165.83%</u>	<u>170.22%</u>	<u>172.70%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2018	June 30, 2017
<b>CalPERS</b>				
Proportion of the net pension liability	0.4497%	0.4543%	0.4487%	0.4720%
Proportionate share of the net pension liability	\$ 137,989,706	\$ 132,396,092	\$ 119,650,838	\$ 112,690,488
Covered payroll	<u>\$ 65,969,849</u>	<u>\$ 63,184,597</u>	<u>\$ 55,201,623</u>	<u>\$ 60,547,264</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>209.17%</u>	<u>209.54%</u>	<u>216.75%</u>	<u>186.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>			
Proportion of the net pension liability	<u>0.2893%</u>	<u>0.3109%</u>	<u>0.3034%</u>
Proportionate share of the net pension liability	<u>\$ 233,962,152</u>	<u>\$ 209,282,863</u>	<u>\$ 177,288,550</u>
State's proportionate share of the net pension liability	<u>133,190,479</u>	<u>110,687,564</u>	<u>107,054,481</u>
Total	<u><u>\$ 367,152,631</u></u>	<u><u>\$ 319,970,427</u></u>	<u><u>\$ 284,343,031</u></u>
Covered payroll	<u>\$ 155,056,682</u>	<u>\$ 140,928,288</u>	<u>136,384,781</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>150.89%</u>	<u>148.50%</u>	<u>129.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>			
Proportion of the net pension liability	<u>0.4928%</u>	<u>0.4998%</u>	<u>0.5010%</u>
Proportionate share of the net pension liability	<u>\$ 97,336,612</u>	<u>\$ 73,663,959</u>	<u>\$ 56,879,614</u>
Covered payroll	<u>\$ 60,359,787</u>	<u>\$ 54,558,219</u>	<u>52,325,387</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>161.26%</u>	<u>135.02%</u>	<u>108.70%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

Anaheim Union High School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CalSTRS</b>				
Contractually required contribution	\$ 25,965,763	\$ 26,106,643	\$ 24,717,866	\$ 20,604,407
Less contributions in relation to the contractually required contribution	<u>25,965,763</u>	<u>26,106,643</u>	<u>24,717,866</u>	<u>20,604,407</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 160,778,718</u>	<u>\$ 152,670,427</u>	<u>\$ 151,829,644</u>	<u>\$ 142,788,683</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 13,501,505	\$ 13,009,914	\$ 11,412,402	\$ 8,573,364
Less contributions in relation to the contractually required contribution	<u>13,501,505</u>	<u>13,009,914</u>	<u>11,412,402</u>	<u>8,573,364</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 65,224,662</u>	<u>\$ 65,969,849</u>	<u>\$ 63,184,597</u>	<u>\$ 55,201,623</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

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

Anaheim Union High School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>			
Contractually required contribution	\$ 18,463,136	\$ 16,637,582	\$ 12,514,432
Less contributions in relation to the contractually required contribution	<u>18,463,136</u>	<u>16,637,582</u>	<u>12,514,432</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 146,765,787</u>	<u>\$ 155,056,682</u>	<u>\$ 140,928,288</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>			
Contractually required contribution	\$ 8,408,804	\$ 7,150,824	\$ 6,422,048
Less contributions in relation to the contractually required contribution	<u>8,408,804</u>	<u>7,150,824</u>	<u>6,422,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 60,547,264</u>	<u>\$ 60,359,787</u>	<u>\$ 54,558,219</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 2.45% in 2020 to 1.92% in 2021.

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

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

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

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

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

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

### **Schedule of District Contributions**

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



Supplementary Information  
June 30, 2021

Anaheim Union High School District

Anaheim Union High School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010	14329	\$ 8,337,646
	84.010	15438	<u>955,045</u>
Subtotal			<u>9,292,691</u>
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund			
	84.425D	15536	6,526,140
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER) Fund			
	84.425D	15547	1,577,516
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation			
	84.425C	15517	1,349,854
COVID-19: CARES Act Supplemental Meal Reimbursement			
	84.425D	15535	<u>812,073</u>
Subtotal			<u>10,265,583</u>
Title III, English Learner Student Program	84.365	14346	558,447
Title IV, Part A, Student Support and Academic Enrichment Grants			
	84.424	15396	254,553
Title II, Part A, Supporting Effective Instruction	84.367	14341	911,107
Carl D. Perkins Career and Technical Education: Secondary, Section 131			
	84.048	14894	512,088
Passed Through Greater Anaheim SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,401,806
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	1,416
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>331,669</u>
Total Special Education (IDEA) Cluster			<u>5,734,891</u>
Passed through CDE			
State Vocational Rehabilitation Services Program	84.126A	30103	28,421
Passed through Napa County Office of Education			
Cali-Reads	84.323A	[1]	<u>44,454</u>
Total U.S. Department of Education			<u>27,602,235</u>

[1] Pass-Through Entity Number not available

Anaheim Union High School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Passed Through CSUF Auxiliary Services Corporation Health Careers Opportunity Program	93.822	S-6874-AUHSD	\$ <u>19,672</u>
Total U.S. Department of Health and Human Services			<u>19,672</u>
U.S. Department of Agriculture Passed Through CDE Child Nutrition Cluster			
School Programs (NSL Sec 4)	10.555	13523	894,207
School Programs (NSL Sec 11)	10.555	13524	6,770,427
School Programs (School Breakfast Basic)	10.553	13525	649,568
School Programs (School Breakfast Needy)	10.553	13526	3,979,347
Commodities	10.555	13524	<u>1,244,847</u>
Total Child Nutrition Cluster			<u>13,538,396</u>
Total U.S. Department of Agriculture			<u>13,538,396</u>
U.S. Department of Defense Passed Through Orange County Department of Education			
Junior Reserve Officers Training Corps - Army	12.000	[1]	406,610
Junior Reserve Officers Training Corps - Navy	12.000	JROTC162S	<u>90,272</u>
Total U.S. Department of Defense			<u>496,882</u>
U.S. Department of the Treasury Passed Through CDE			
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>26,516,181</u>
Total U.S. Department of the Treasury			<u>26,516,181</u>
Total Federal Financial Assistance			<u>\$ 68,173,366</u>

[1] Pass-Through Entity Number not available

**Organization**

The Anaheim Union High School District was established in 1898 and consists of an area comprising approximately 46 square miles. The District operates eight high schools, one continuation high school, eight junior high schools, one 7-12 academy, one special education facility, and an independent study program. There were no boundary changes during the year.

**Governing Board**

MEMBER	OFFICE	TERM EXPIRES
Anna L Piercy	President	2022
Katherine H. Smith	Clerk	2024
Al Jabbar	Assistant Clerk	2022
Annemarie Randle-Trejo	Member	2022
Brian O'Neal	Member	2024

**Administration**

Michael B. Matsuda	Superintendent
Nancy Nien	Assistant Superintendent, Business
Jaron Fried	Assistant Superintendent, Educational Services
Brad Jackson	Assistant Superintendent, Human Resources

Anaheim Union High School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Grades 7 - 8					
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

Anaheim Union High School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2021

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

Anaheim Union High School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund <sup>3</sup>				
Revenues	\$ 429,122,108	\$ 465,049,065	\$ 416,651,019	\$ 422,122,970
Expenditures	470,920,904	436,252,983	405,518,941	399,093,065
Other uses	3,800,000	3,429,084	1,680,375	1,500,000
Total expenditures and other uses	474,720,904	439,682,067	407,199,316	400,593,065
Increase/(Decrease) in Fund Balance	(45,598,796)	25,366,998	9,451,703	21,529,905
Ending Fund Balance	\$ 101,327,863	\$ 146,926,659	\$ 121,559,661	\$ 112,107,958
Available Reserves <sup>2</sup>	\$ 98,519,306	\$ 97,406,177	\$ 77,705,449	\$ 59,406,491
Available Reserves as a Percentage of Total Outgo	20.75%	22.15%	19.08%	14.83%
Long-Term Liabilities including OPEB and Pensions	N/A	\$ 845,756,168	\$ 854,531,856	\$ 731,231,539
K-12 Average Daily Attendance at P-2	27,086	28,386	28,386	28,854

The General Fund balance has increased by \$34,818,701 over the past two years; however, the fiscal year 2021-2022 budget projects a decrease of \$45,598,796 (31.0%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$114,524,629 over the past two years.

Average daily attendance has decreased by 468 over the past two years. An additional decrease of 1,300 ADA is anticipated during fiscal year 2021-2022.

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

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

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund as required by GASB Statement No. 54.

Anaheim Union High School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
<b>Assets</b>			
Deposits and investments	\$ 2,812,181	\$ 1,396,371	\$ 23,300,158
Receivables	-	2,673,479	10,662
Due from other funds	-	-	769
Stores inventories	-	376,013	-
	<u>2,812,181</u>	<u>4,445,863</u>	<u>23,311,589</u>
<b>Total assets</b>			
	<u>\$ 2,812,181</u>	<u>\$ 4,445,863</u>	<u>\$ 23,311,589</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 299,145	\$ 27,738
Due to other funds	-	1,162,359	203,480
Unearned revenue	-	185,019	-
	<u>-</u>	<u>1,646,523</u>	<u>231,218</u>
<b>Total liabilities</b>			
	<u>-</u>	<u>1,646,523</u>	<u>231,218</u>
<b>Fund Balances</b>			
Nonspendable	-	376,013	-
Restricted	2,812,181	2,423,327	23,080,371
	<u>2,812,181</u>	<u>2,799,340</u>	<u>23,080,371</u>
<b>Total fund balances</b>			
	<u>2,812,181</u>	<u>2,799,340</u>	<u>23,080,371</u>
<b>Total liabilities and fund balances</b>			
	<u>\$ 2,812,181</u>	<u>\$ 4,445,863</u>	<u>\$ 23,311,589</u>

Anaheim Union High School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Bond Interest and Redemption Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>			
Deposits and investments	\$ 21,850,614	\$ 16,621,599	\$ 65,980,923
Receivables	10,267	12,651	2,707,059
Due from other funds	10,051,959	-	10,052,728
Stores inventories	-	-	376,013
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 31,912,840</u>	<u>\$ 16,634,250</u>	<u>\$ 79,116,723</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 87,441	\$ -	\$ 414,324
Due to other funds	-	-	1,365,839
Unearned revenue	-	-	185,019
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>87,441</u>	<u>-</u>	<u>1,965,182</u>
<b>Fund Balances</b>			
Nonspendable	-	-	376,013
Restricted	31,825,399	16,634,250	76,775,528
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>31,825,399</u>	<u>16,634,250</u>	<u>77,151,541</u>
Total liabilities and fund balances	<u>\$ 31,912,840</u>	<u>\$ 16,634,250</u>	<u>\$ 79,116,723</u>

Anaheim Union High School District

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

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
Revenues			
Federal sources	\$ -	\$ 14,350,469	\$ -
Other State sources	-	1,138,849	-
Other local sources	2,171,520	107,102	7,656,242
Total revenues	<u>2,171,520</u>	<u>15,596,420</u>	<u>7,656,242</u>
Expenditures			
Current			
Pupil services			
Food services	-	18,385,294	-
Administration			
All other administration	-	-	137,313
Plant services	-	142,121	-
Ancillary services	2,368,414	-	-
Facility acquisition and construction	-	25,048	471,054
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total expenditures	<u>2,368,414</u>	<u>18,552,463</u>	<u>608,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(196,894)</u>	<u>(2,956,043)</u>	<u>7,047,875</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	(2,441,735)
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,441,735)</u>
Net Change in Fund Balances	(196,894)	(2,956,043)	4,606,140
Fund Balance - Beginning, as restated	<u>3,009,075</u>	<u>5,755,383</u>	<u>18,474,231</u>
Fund Balance - Ending	<u>\$ 2,812,181</u>	<u>\$ 2,799,340</u>	<u>\$ 23,080,371</u>

Anaheim Union High School District

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

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 14,350,469
Other State sources	-	100,428	1,239,277
Other local sources	33,254	20,905,048	30,873,166
Total revenues	<u>33,254</u>	<u>21,005,476</u>	<u>46,462,912</u>
Expenditures			
Current			
Pupil services			
Food services	-	-	18,385,294
Administration			
All other administration	-	-	137,313
Plant services	-	-	142,121
Ancillary services	-	-	2,368,414
Facility acquisition and construction	1,783,190	-	2,279,292
Debt service			
Principal	795,000	17,415,000	18,210,000
Interest and other	1,244,281	11,362,778	12,607,059
Total expenditures	<u>3,822,471</u>	<u>28,777,778</u>	<u>54,129,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,789,217)</u>	<u>(7,772,302)</u>	<u>(7,666,581)</u>
Other Financing Sources (Uses)			
Transfers in	20,182,271	-	20,182,271
Transfers out	-	-	(2,441,735)
Net Financing Sources (Uses)	<u>20,182,271</u>	<u>-</u>	<u>17,740,536</u>
Net Change in Fund Balances	16,393,054	(7,772,302)	10,073,955
Fund Balance - Beginning, as restated	<u>15,432,345</u>	<u>24,406,552</u>	<u>67,077,586</u>
Fund Balance - Ending	<u>\$ 31,825,399</u>	<u>\$ 16,634,250</u>	<u>\$ 77,151,541</u>

## **Note 1 - Purpose of Schedules**

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Anaheim Union High School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Anaheim Union High School District, it is not intended to and does not present the net position or changes in net position and fund balance of Anaheim Union High 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 the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not report any commodities in inventory.

### **Local Education Agency Organization Structure**

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

### **Schedule of Instructional Time**

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

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

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

**Schedule of Financial Trends and Analysis**

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

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

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



Independent Auditor's Reports  
June 30, 2021

# Anaheim 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  
Anaheim Union High School District  
Anaheim, 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 Anaheim Union High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Anaheim Union High School District’s basic financial statements and have issued our report thereon dated January 31, 2022.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 16 to the financial statements, Anaheim Union High School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Anaheim 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 Anaheim Union High School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Anaheim Union High School District’s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Anaheim 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*.

### **Purpose of this Report**

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

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

Rancho Cucamonga, California  
January 31, 2022



## **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  
Anaheim Union High School District  
Anaheim, California

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

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control over Compliance**

Management of Anaheim Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Anaheim Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Anaheim Union High School District's internal control over compliance.

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

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

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



Rancho Cucamonga, California  
January 31, 2022



## Independent Auditor's Report on State Compliance

To the Governing Board  
Anaheim Union High School District  
Anaheim, California

### **Report on State Compliance**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

**Compliance Requirements Tested**

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

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

The District is a high school district and does not offer kindergarten classes; therefore, we did not perform procedures related to the 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 is a high school district and does not offer K-3 classes; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

The District received funds for the Apprenticeship Program; however, the funds are passed-through to the North Orange County Regional Occupational Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

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

***Unmodified Opinion***

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

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

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

Rancho Cucamonga, California  
January 31, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Anaheim Union High School District

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19: CARES Act Supplemental Meal Reimbursement Child Nutrition Cluster	84.425D 10.553, 10.555
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019
Dollar threshold used to distinguish between type A and type B programs	\$2,045,201
Auditee qualified as low-risk auditee?	Yes

**State Compliance**

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

None reported.

None reported.

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