Financial Statements
June 30, 2022

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 Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements 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 the governmental fund financial statements.

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 $74,094,691 for the fiscal year-ended June 30, 2022. Of this amount, $(314,493,381) 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	
	2022	2021
Assets		
Current and other assets	$ 426,102,227	$ 406,133,340
Capital assets	450,838,274	438,019,489
Total assets	876,940,501	844,152,829
Deferred outflows of resources	100,305,127	112,795,596
Liabilities		
Current liabilities	49,950,079	54,707,144
Long-term liabilities other than OPEB and pension	326,612,895	335,094,968
Other postemployment benefits (OPEB) liability	86,924,959	105,068,034
Aggregate net pension liability	224,100,190	405,593,166
Total liabilities	687,588,123	900,463,312
Deferred inflows of resources	215,562,814	60,830,646
Net Position		
Net investment in capital assets	216,153,267	213,307,304
Restricted	172,434,805	123,832,013
Unrestricted (deficit)	(314,493,381)	(341,484,850)
Total net position (deficit)	$ 74,094,691	$ (4,345,533)

The increase in total assets is mainly due to increased LCFF funding 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, a decrease in long-term liabilities, and a decrease in the net pension liability. The increased net position is mainly attributed to increased federal and state revenues and property taxes.

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 2022	Governmental Activities 2021
Revenues		
Program revenues		
Charges for services and sales	$ 4,428,855	$ 4,248,625
Operating grants and contributions	135,633,877	131,873,810
Capital grants and contributions	11,179,537	17,759,450
General revenues		
Federal and State aid not restricted	246,331,674	225,897,252
Property taxes	147,393,810	138,004,015
Other general revenues	8,351,528	19,638,641
Total revenues	553,319,281	537,421,793
Expenses		
Instruction-related	303,967,657	328,575,055
Pupil services	64,343,178	62,765,049
Administration	27,214,521	29,226,698
Plant services	43,692,858	43,868,233
All other services	35,660,843	31,093,131
Total expenses	474,879,057	495,528,166
Change in net position	$ 78,440,224	$ 41,893,627

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $474,879,057. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $147,393,810 because the cost was paid by those who benefited from the programs ($4,428,855) or by other governments and organizations who subsidized certain programs with grants and contributions ($146,813,414). We paid for the remaining "public benefit" portion of our governmental activities with $254,683,202 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-related, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction-related	$ 303,967,657	$ 328,575,055	$ (211,706,436)	$ (223,819,012)
Pupil services	64,343,178	62,765,049	(24,398,256)	(36,422,714)
Administration	27,214,521	29,226,698	(20,701,792)	(21,836,642)
Plant services	43,692,858	43,868,233	(42,218,986)	(37,475,807)
All other services	35,660,843	31,093,131	(24,611,318)	(22,092,106)
Total	$ 474,879,057	$ 495,528,166	$ (323,636,788)	$ (341,646,281)

The main reason for a decrease is the cost of services provided to students is the one-time funds for COVID-19 relief, Expanded Learning Opportunities (ELO), and Learning Loss Mitigation were fully spent in the prior year.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $344,832,536, which is an increase of $22,232,946, or 6.9% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 152,426,652	$ 489,894,551	$ 461,954,675	$ 180,366,528
Building Fund	92,983,414	(844,853)	21,823,498	70,315,063
County School Facilities	37,983	11,304,054	11,342,037	-
Special Reserve Fund for Capital Outlay Projects	31,825,399	13,588,034	7,014,661	38,398,772
Student Activity Fund	2,812,181	4,958,695	4,688,534	3,082,342
Cafeteria Fund	2,799,340	29,374,074	23,359,821	8,813,593
Capital Facilities Fund	23,080,371	6,906,867	3,973,543	26,013,695
Bond Interest and Redemption Fund	16,634,250	20,897,306	19,689,013	17,842,543
Total	$ 322,599,590	$ 576,078,728	$ 553,845,782	$ 344,832,536

The primary reasons for these increases/decreases are:

1. The General Fund is the principal operating fund. The actual fund balance during the 2021-2022 fiscal year increased approximately $27.9 million, primarily due to an increase in revenue received from A-G Grants, Educator Effectiveness Grants, and increased Local Control Funding Formula (LCFF) Revenues.
2. The Building Fund decreased $22.6 million mainly attributed to expenditures on Measure H bond projects.
3. The Districts Capital Facilities Fund revenue was $6.9 million, and expenditures were $3.9 million for an increase in fund balance of $2.9 million. Expenditures include $2.6 million in debt service payments for the 2017 Certificates of Participation.
4. Our Special Reserve fund for Capital Outlay Projects increased $6.6 million due to State Facilities funds received to reimburse facilities projects that were pre-funded using other funds. Expenditures of $2.6 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.
5. The Cafeteria Fund increased $8.0 million primarily from increased federal revenues for meal reimbursements for the national school lunch program. The District served 1.4 million more meals in 2021-2022 than in 2020-2021. In addition, the reimbursement rate for lunches increased from $3.53 to $4.56 for each meal claimed. For breakfast we received $2.60 for each meal in 2021-2022, while in 2020-2021 we only received either $1.89 or $2.26 per meal claimed.

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 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.

1. General Fund final budgeted ending fund balance increased by approximately $37.5 million over the original projection. A total of $23.5 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 $450,838,274 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 $12,818,785, or 2.9%, from last year.

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	$ 166,789,886	$ 164,609,172
Buildings and improvements	260,125,585	254,823,206
Equipment	23,922,803	18,587,111
Total	$ 450,838,274	$ 438,019,489

This year's increase of $12.8 million is due primarily to the Measure H construction projects.

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 5 to the financial statements.

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

At the end of this year, the District had $326,612,895 in long-term liabilities other than OPEB and pension versus $335,094,968 last year, a decrease of $8,482,073, or 2.5%. The long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	$ 267,677,286	$ 276,463,848
Premium on issuance	15,257,337	16,992,336
Certificates of participation	30,670,000	31,605,000
Premium on issuance	1,499,628	1,580,689
Finance purchase agreement	1,824,582	2,162,733
Property and liability	300,000	100,000
Claims liability	325,802	334,164
Supplemental early retirement plan (SERP)	5,961,530	2,962,110
Compensated absences	3,096,730	2,894,088
Total	$ 326,612,895	$ 335,094,968

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 $267,677,286 is significantly below the statutorily-imposed limit.

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

OPEB and Pension Liabilities

At the end of this year, the District had $86,924,959 in OPEB liability versus $105,068,034 last year, a decrease of $18,143,075, or 17.3%

In addition, at the end of this year, the District had $224,100,190 in aggregate net pension liability versus $405,593,166 last year, a decrease of $181,492,976, or 44.7%.

We present more detailed information regarding our OPEB and pension liabilities in Notes 10 and 13, respectively, of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

The District completed site improvements in the amount of $99.1 million at Dale, Jr High School, Ball Jr High School, Magnolia High School, and Sycamore Jr High School.

The District received a State School Facilities funding in the amount of $11.3 million for Magnolia High School, Katella, High School, Dale Jr High School, Oxford Academy, and Savanna High School.

The District received $7.5 million in A-G Grants, Kitchen Infrastructure and Food Service Training Grants.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District's Adopted Budget for the 2022-2022 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 6.56% plus an Augmentation of 3.30%.
2. Average Daily Attendance (ADA) was budgeted using the three-year average daily attendance option.
3. The GAP funding rate is fully funded at 100%.
4. The unduplicated enrollment count percentage used was 75.86%. The three-year rolling average is 77.58%
5. State lottery was budgeted at $228 per ADA.
6. Grants include estimated carryover from 2021-2022 and are adjusted to actual after June 30, 2022.

7. Interest rate for Cash in County is budgeted at 3.71%.
8. Certificated negotiations for the 2022-2023 fiscal year are not complete.
9. Classified negotiations for the 2022-2023 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 increase by 1.5% due to premium increase.
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.

	Governmental Activities
Assets	
Deposits and investments	$ 385,216,905
Receivables	39,961,637
Stores inventories	923,685
Capital assets not depreciated	166,789,886
Capital assets, net of accumulated depreciation	284,048,388
Total assets	876,940,501
Deferred Outflows of Resources	
Deferred charge on refunding	520,432
Deferred outflows of resources related to OPEB	16,685,443
Deferred outflows of resources related to pensions	83,099,252
Total deferred outflows of resources	100,305,127
Liabilities	
Accounts payable	31,297,997
Accrued interest payable	4,415,161
Unearned revenue	8,678,921
Claims liability	5,558,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	13,737,164
Long-term liabilities other than OPEB and pensions due in more than one year	312,875,731
Other postemployment benefits (OPEB) liability	86,924,959
Aggregate net pension liability	224,100,190
Total liabilities	687,588,123
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	46,980,623
Deferred inflows of resources related to pensions	168,582,191
Total deferred inflows of resources	215,562,814
Net Position	
Net investment in capital assets	216,153,267
Restricted for	
Debt service	13,427,382
Capital projects	64,412,467
Educational programs	23,511,490
Other activities	46,894,076
Other restrictions - pension trust	24,189,390
Unrestricted (deficit)	(314,493,381)
Total net position	$ 74,094,691

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 271,549,868	$ 1,079,588	$ 77,144,909	$ 11,179,537	$ (182,145,834)
Instruction-related activities					
Supervision of instruction	7,823,634	233,657	1,825,473	-	(5,764,504)
Instructional library, media, and technology	1,804,595	-	310,156	-	(1,494,439)
School site administration	22,789,560	12,124	475,777	-	(22,301,659)
Pupil services					
Home-to-school transportation	7,838,663	4,409	84,654	-	(7,749,600)
Food services	24,501,426	613,967	29,834,474	-	5,947,015
All other pupil services	32,003,089	19,618	9,387,800	-	(22,595,671)
Administration					
Data processing	6,884,357	-	1,178,863	-	(5,705,494)
All other administration	20,330,164	13,592	5,320,274	-	(14,996,298)
Plant services	43,692,858	153,035	1,320,837	-	(42,218,986)
Ancillary services	11,471,520	5,323	5,800,894	-	(5,665,303)
Community services	902,440	4,887	5,435	-	(892,118)
Interest on long-term liabilities	10,306,712	-	-	-	(10,306,712)
Other outgo	12,980,171	2,288,655	2,944,331	-	(7,747,185)
Total governmental activities	$ 474,879,057	$ 4,428,855	$ 135,633,877	$ 11,179,537	(323,636,788)
General Revenues and Subventions					
Property taxes, levied for general purposes					121,961,755
Property taxes, levied for debt service					20,843,424
Taxes levied for other specific purposes					4,588,631
Federal and State aid not restricted to specific purposes					246,331,674
Interest and investment earnings					(8,863,915)
Interagency revenues					317,950
Miscellaneous					16,897,493
Subtotal, general revenues and subventions					402,077,012
Change in Net Position					78,440,224
Net Position - Beginning					(4,345,533)
Net Position - Ending					$ 74,094,691

	General Fund	Building Fund	County School Facilities Fund
Assets			
Deposits and investments	$ 175,355,687	$ 73,852,504	$ 10,078,943
Receivables	35,121,277	42,463	1,577
Due from other funds	946,021	504,430	124,518
Stores inventories	512,855	-	-
Total assets	$ 211,935,840	$ 74,399,397	$ 10,205,038
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 20,809,676	$ 4,000,436	$ 54
Due to other funds	2,249,137	83,898	10,204,984
Unearned revenue	8,510,499	-	-
Total liabilities	31,569,312	4,084,334	10,205,038
Fund Balances			
Nonspendable	667,855	-	-
Restricted	47,700,880	70,315,063	-
Assigned	107,664,828	-	-
Unassigned	24,332,965	-	-
Total fund balances	180,366,528	70,315,063	-
Total liabilities and fund balances	$ 211,935,840	$ 74,399,397	$ 10,205,038

	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 32,374,241	$ 50,575,553	$ 342,236,928
Receivables	17,404	4,730,162	39,912,883
Due from other funds	10,204,984	2,113,384	13,893,337
Stores inventories	-	410,830	923,685
Total assets	$ 42,596,629	$ 57,829,929	$ 396,966,833
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 3,704,662	$ 1,047,211	$ 29,562,039
Due to other funds	493,195	862,123	13,893,337
Unearned revenue	-	168,422	8,678,921
Total liabilities	4,197,857	2,077,756	52,134,297
Fund Balances			
Nonspendable	-	410,830	1,078,685
Restricted	38,398,772	55,341,343	211,756,058
Assigned	-	-	107,664,828
Unassigned	-	-	24,332,965
Total fund balances	38,398,772	55,752,173	344,832,536
Total liabilities and fund balances	$ 42,596,629	$ 57,829,929	$ 396,966,833

Total Fund Balance - Governmental Funds		$ 344,832,536
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 657,016,063	
Accumulated depreciation is	(206,177,789)	
Net capital assets		450,838,274
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.		(4,415,161)
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 in the statement of net position.		35,408,971
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	520,432	
Other postemployment benefits (OPEB) liability	16,685,443	
Aggregate net pension liability	83,099,252	
Total deferred outflows of resources		100,305,127
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(46,980,623)	
Aggregate net pension liability	(168,582,191)	
Total deferred inflows of resources		(215,562,814)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (224,100,190)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(86,924,959)
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	$ (256,268,955)	
Premium on issuance of general obligation bonds	(15,257,337)	
Certificates of participation	(30,670,000)	
Premium on issuance of certificates of participation	(1,499,628)	
Finance purchase agreement	(1,824,582)	
Property and liability	(300,000)	
Supplemental early retirement plan (SERP)	(5,961,530)	
Compensated absences (vacations)	(3,096,730)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is:	(11,408,331)	
Total long-term liabilities		(326,287,093)
Total net position - governmental activities		$ 74,094,691

	General Fund	Building Fund	County School Facilities Fund
Revenues			
Local Control Funding Formula	$ 360,841,667	$ -	$ -
Federal sources	48,867,991	-	-
Other State sources	74,839,498	-	11,342,037
Other local sources	5,345,395	(844,853)	(162,501)
Total revenues	489,894,551	(844,853)	11,179,536
Expenditures			
Current			
Instruction	291,949,518	-	-
Instruction-related activities			
Supervision of instruction	8,517,030	-	-
Instructional library, media, and technology	1,904,906	-	-
School site administration	24,031,677	-	-
Pupil services			
Home-to-school transportation	7,659,066	-	-
Food services	552,976	-	-
All other pupil services	35,342,405	-	-
Administration			
Data processing	7,693,749	-	-
All other administration	19,895,943	-	-
Plant services	42,406,912	-	-
Ancillary services	7,123,245	-	-
Community services	944,491	-	-
Other outgo	12,980,171	-	-
Facility acquisition and construction	434,767	21,823,498	-
Debt service			
Principal	338,151	-	-
Interest and other	55,150	-	-
Total expenditures	461,830,157	21,823,498	-
Excess (Deficiency) of Revenues Over Expenditures	28,064,394	(22,668,351)	11,179,536
Other Financing Sources (Uses)			
Transfers in	-	-	124,518
Transfers out	(124,518)	-	(11,342,037)
Net Financing Sources (Uses)	(124,518)	-	(11,217,519)
Net Change in Fund Balances	27,939,876	(22,668,351)	(37,983)
Fund Balance - Beginning	152,426,652	92,983,414	37,983
Fund Balance - Ending	$ 180,366,528	$ 70,315,063	$ -

	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ -	$ 360,841,667
Federal sources	-	26,818,386	75,686,377
Other State sources	-	1,930,003	88,111,538
Other local sources	(366,720)	33,388,553	37,359,874
Total revenues	(366,720)	62,136,942	561,999,456
Expenditures			
Current			
Instruction	-	-	291,949,518
Instruction-related activities			
Supervision of instruction	-	-	8,517,030
Instructional library, media, and technology	-	-	1,904,906
School site administration	-	-	24,031,677
Pupil services			
Home-to-school transportation	-	-	7,659,066
Food services	-	22,988,362	23,541,338
All other pupil services	-	-	35,342,405
Administration			
Data processing	-	-	7,693,749
All other administration	-	99,152	19,995,095
Plant services	-	343,185	42,750,097
Ancillary services	-	4,688,534	11,811,779
Community services	-	-	944,491
Other outgo	-	-	12,980,171
Facility acquisition and construction	4,878,630	1,289,948	28,426,843
Debt service			
Principal	935,000	9,790,000	11,063,151
Interest and other	1,201,031	9,899,013	11,155,194
Total expenditures	7,014,661	49,098,194	539,766,510
Excess (Deficiency) of Revenues Over Expenditures	(7,381,381)	13,038,748	22,232,946
Other Financing Sources (Uses)			
Transfers in	13,954,754	-	14,079,272
Transfers out	-	(2,612,717)	(14,079,272)
Net Financing Sources (Uses)	13,954,754	(2,612,717)	-
Net Change in Fund Balances	6,573,373	10,426,031	22,232,946
Fund Balance - Beginning	31,825,399	45,326,142	322,599,590
Fund Balance - Ending	$ 38,398,772	$ 55,752,173	$ 344,832,536

Total Net Change in Fund Balances - Governmental Funds		$ 22,232,946
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 expense in the Statement of Activities. This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.		
Capital outlays	$ 29,490,963	
Depreciation and amortization expenses	(16,643,155)	
Net expense adjustment		12,847,808
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(29,023)
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 less than the amount earned by $2,999,420. Vacation earned was more than the amount used by $202,642.		(3,202,062)
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.		32,361,499
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.		235,597
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.		(200,000)

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	$ 9,790,000
Certificates of participation	935,000
Finance purchase agreement	338,151
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 $219,542, and second, $1,003,438 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.	(783,896)
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.	2,281,826
Change in net position of governmental activities	$ 78,440,224

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 42,979,977
Receivables	48,754
Total assets	43,028,731
Liabilities	
Current liabilities	
Accounts payable	1,735,958
Current portion of claims liabilities	5,590,608
Total current liabilities	7,326,566
Noncurrent liabilities	
Claims liabilities	293,194
Total liabilities	7,619,760
Net Position	
Restricted	$ 35,408,971

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	$ 63,317,524
Operating Expenses	
Other operating cost	61,243,004
Operating Income	2,074,520
Nonoperating Revenues	
Interest income	207,306
Change in Net Position	2,281,826
Total Net Position - Beginning	33,127,145
Total Net Position - Ending	$ 35,408,971

	Governmental Activities Internal Service Fund
Operating Activities	
Cash received from interfund services provided	$ 63,688,571
Cash payments for insurance premiums	(60,075,189)
Net Cash Provided by Operating Activities	3,613,382
Investing Activities	
Interest on investments	203,473
Net Change in Cash and Cash Equivalents	3,816,855
Cash and Cash Equivalents, Beginning	39,163,122
Cash and Cash Equivalents, Ending	$ 42,979,977
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 2,074,520
Changes in assets and liabilities	
Receivables	(23,973)
Due from other fund	395,020
Accounts payable	118,177
Claims liability	1,049,638
Net Cash Provided by Operating Activities	$ 3,613,382

	Custodial Funds
Assets	
Investments	$ 1,105,360
Receivables	17,445
Total assets	$ 1,122,805
Liabilities	
Accounts payable	$ 1,122,805

	Custodial Funds
Additions	
Contributions	
Funds collected for others	$ 23,997,032
Investment earnings	
Net decrease in the fair value of investments	(17,111)
Total additions	23,979,921
Deductions	
Funds distributed to others	23,979,921
Net Increase (Decrease) In Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	$ -

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 $8,713,885.

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.).

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

Non-Major Governmental Funds

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

- **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).

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*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program 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 governmental 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.

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

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, 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.

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.

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

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. 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 $172,434,805.

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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No lease liabilities or lease assets were recorded as of June 30, 2022. Therefore, the implementation of this standard did not have an effect on beginning net position.

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.

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

The requirements of this Statement are effective as follows:

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

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.

- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 385,216,905
Fiduciary funds	1,105,360
Total deposits and investments	$ 386,322,265

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

Cash on hand and in banks	$ 12,835,622
Cash in revolving	155,000
Investments	373,331,643
Total deposits and investments	$ 386,322,265

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 manages its exposure to interest rate risk by investing in the county pool and purchasing 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:

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
Orange County Treasury Investment Pool	349,142,253	287
Mutual Funds	24,189,390	1
Total	$ 373,331,643	

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. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

The investment in the Orange County Treasury Investment Pool and mutual funds are not required to be rated nor have they been rated.

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, 2022, the District's bank balance of $12,338,208 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.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investments in the Mutual Funds of $24,189,390, the District has a custodial credit risk exposure of $24,189,390 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the number of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Mutual Funds	$ 24,189,390	$ 24,189,390
Investments not measured for fair value or subject to fair value hierachy		
Orange County Treasury Investment Pool	349,142,253	
Total investments	$ 373,331,643	

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay
Federal Government				
Categorical aid	$ 18,349,382	$ -	$ -	$ -
State Government				
LCFF apportionment	2,338,144	-	-	-
Categorical aid	5,317,500	-	-	-
Lottery	1,684,599	-	-	-
Special education	4,081,243	-	-	-
Local Government				
Interest	182,571	42,463	1,577	17,404
Greater Anaheim SELPA	1,358,547	-	-	-
North Orange County ROP	365	-	-	-
Due from other LEAs	1,451,356	-	-	-
Other local sources	357,570	-	-	-
Total	$ 35,121,277	$ 42,463	$ 1,577	$ 17,404

	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government				
Categorical aid	$ 4,087,829	$ -	$ 22,437,211	$ -
State Government				
LCFF apportionment	-	-	2,338,144	-
Categorical aid	613,235	-	5,930,735	-
Lottery	-	-	1,684,599	-
Special education	-	-	4,081,243	-
Local Government				
Interest	29,098	21,779	294,892	334
Greater Anaheim SELPA	-	-	1,358,547	-
North Orange County ROP	-	-	365	-
Due from other LEAs	-	-	1,451,356	17,111
Other local sources	-	26,975	384,545	-
Total	$ 4,730,162	$ 48,754	$ 39,961,637	$ 17,445

Note 5 - Capital Assets

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,063,222	$ -	$ -	$ 9,063,222
Construction in progress	155,545,950	27,866,103	(25,685,389)	157,726,664
Total capital assets not being depreciated	164,609,172	27,866,103	(25,685,389)	166,789,886
Capital assets being depreciated				
Land improvements	23,230,080	18,913,869	-	42,143,949
Buildings and improvements	405,068,641	51,353	(26,417)	405,093,577
Furniture and equipment	19,203,440	8,165,695	(107,906)	27,261,229
Vehicles	16,344,459	179,332	(796,369)	15,727,422
Total capital assets being depreciated	463,846,620	27,310,249	(930,692)	490,226,177
Total capital assets	628,455,792	55,176,352	(26,616,081)	657,016,063
Accumulated depreciation				
Land improvements	(19,769,424)	(2,643,523)	-	(22,412,947)
Buildings and improvements	(153,706,091)	(10,998,715)	5,812	(164,698,994)
Furniture and equipment	(10,722,313)	(2,058,199)	99,488	(12,681,024)
Vehicles	(6,238,475)	(942,718)	796,369	(6,384,824)
Total accumulated depreciation	(190,436,303)	(16,643,155)	901,669	(206,177,789)
Net depreciable capital assets	273,410,317	10,667,094	(29,023)	284,048,388
Governmental activities capital assets, net	$ 438,019,489	$ 38,533,197	$ (25,714,412)	$ 450,838,274

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

Governmental Activities	
Instruction	$ 10,485,187
School site administration	1,331,452
Home-to-school transportation	499,295
Food services	1,497,884
Data processing	166,432
All other administration	832,158
Plant services	1,830,747
Total depreciation and amortization expenses governmental activities	$ 16,643,155

Note 6 - 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, 2022, between major and non-major governmental funds are as follows:

	Due From					
Due To	General Fund	Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	$ -	$ 83,898	$ -	$ -	$ 862,123	$ 946,021
Building Fund	11,235	-	-	493,195	-	504,430
County School Facilities Fund	124,518	-	-	-	-	124,518
Special Reserve Fund for Capital Outlay	-	-	10,204,984	-	-	10,204,984
Non-Major Governmental Funds	2,113,384	-	-	-	-	2,113,384
Total	$ 2,249,137	$ 83,898	$ 10,204,984	$ 493,195	$ 862,123	$ 13,893,337

The balance of $852,101 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for repayment of payroll related costs and supplies.

The balance of $83,898 due to the General Fund from the Building Fund is for reimbursement of payroll related costs.

The balance of $10,022 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 $11,235 due to the Building Fund from the General Fund is for reimbursement of operating costs.

The balance of $15,343 due to the Cafeteria Non-Major Governmental Fund from the General Fund is for repayment of operating costs.

The balance of $2,098,041 due to the Capital Facilities Non-Major Governmental Fund from the General Fund is for reimbursement of project costs.

The balance of $124,518 due to the County School Facilities Fund from the General Fund is for reimbursement of project costs.

The balance of $10,204,984 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 $493,195 due to the Building Fund from the Special Reserve Fund for Capital Outlay Projects is for reimbursement of operating costs.

Operating Transfers

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

	Transfer From			
Transfer To	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ -	$ -
County School Facilities Fund	124,518	-	-	124,518
Special Reserve Fund for Capital Outlay Projects	-	11,342,037	2,612,717	13,954,754
Total	$ 124,518	$ 11,342,037	$ 2,612,717	$ 14,079,272

The General Fund transferred to the County School Facilities Fund for the GASB 31 fair market value adjustment.	$ 124,518
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.	11,342,037
The Capital Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects to pay debt service payments for the certificates of participation.	2,612,717
Total	$ 14,079,272

Note 7 - Accounts Payable

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

	General Fund	Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Salaries and benefits	$ 3,659,330	$ 57,013	$ -	$ -
LCFF apportionment	576,910	-	-	-
Capital outlay	616,554	3,266,519	-	3,695,733
Other local education agencies	104,071	-	-	-
Other vendor payables	15,852,811	676,904	54	8,929
Total	$ 20,809,676	$ 4,000,436	$ 54	$ 3,704,662

	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Salaries and benefits	$ 5,859	$ -	$ 3,722,202	$ -
LCFF apportionment	-	-	576,910	-
Capital outlay	436,993	-	8,015,799	-
Other local education agencies	-	-	104,071	1,122,805
Other vendor payables	604,359	1,735,958	18,879,015	-
Total	$ 1,047,211	$ 1,735,958	$ 31,297,997	$ 1,122,805

Note 8 - Unearned Revenues

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 8,198,714	$ -	$ 8,198,714
State categorical aid	-	-	-
Other local	311,785	168,422	480,207
Total	$ 8,510,499	$ 168,422	$ 8,678,921

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 276,463,848	$ 1,003,438	$ (9,790,000)	$ 267,677,286	$ 10,690,000
Premium on issuance	16,992,336	-	(1,734,999)	15,257,337	-
Certificates of participation	31,605,000	-	(935,000)	30,670,000	1,090,000
Premium on issuance	1,580,689	-	(81,061)	1,499,628	-
Finance purchase agreement	2,162,733	-	(338,151)	1,824,582	346,774
Property and liability	100,000	200,000	-	300,000	-
Claims liability	334,164	24,246	(32,608)	325,802	32,608
Supplemental early retirement plan (SERP)	2,962,110	6,157,985	(3,158,565)	5,961,530	1,577,782
Compensated absences	2,894,088	202,642	-	3,096,730	-
Total	$ 335,094,968	$ 7,588,311	$ (16,070,384)	$ 326,612,895	$ 13,737,164

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 finance purchase agreement, 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, 2021	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
06/06/02	08/01/26	3.00-5.70%	$ 91,999,603	$ 6,291,151	$ 363,711	$ -	$ 6,654,862
12/05/03	08/01/28	2.00-5.54%	26,999,352	9,302,697	639,727	-	9,942,424
10/11/12	08/01/27	2.50-5.00%	21,225,000	13,695,000	-	(1,170,000)	12,525,000
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	32,295,000	-	(6,260,000)	26,035,000
04/05/18	08/01/43	3.25-5.00%	83,000,000	71,290,000	-	(2,275,000)	69,015,000
11/13/19	08/01/43	3.00-5.00%	102,545,000	96,545,000	-	(85,000)	96,460,000
				$ 276,463,848	$ 1,003,438	$ (9,790,000)	$ 267,677,286

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, 2022, the principal balance outstanding (including accreted interest to date) was $6,654,862 and unamortized premium was $412,619.

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, 2022, the principal balance outstanding (including accreted interest to date) was $9,942,424.

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. At June 30, 2022, the principal balance outstanding was $12,525,000, and unamortized premium was $700,466.

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, 2022, the principal balance outstanding was $47,045,000 and unamortized premium was $2,085,316.

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, 2022, the principal balance of $26,035,000 remained outstanding and unamortized premium and deferred charges on refunding were $2,698,113 and $520,432, 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, 2022, the principal balance outstanding was $69,015,000 and unamortized premium was $3,330,693.

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, 2022, the principal balance outstanding was $96,460,000 and unamortized premium was $6,030,130.

Debt Service Requirements to Maturity

The General Obligation Bonds mature through 2044 as follows:

Fiscal Year	Principal Inlcuding Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
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	12,929,861	1,915,139	7,315,841	22,160,841
2028-2032	49,052,425	5,097,575	31,521,131	85,671,131
2033-2037	51,570,000	-	23,379,625	74,949,625
2038-2042	73,145,000	-	12,611,984	85,756,984
2043-2044	35,695,000	-	1,192,025	36,887,025
Total	$ 267,677,286	$ 7,012,714	$ 110,346,669	$ 385,036,669

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, 2022, the principal balance outstanding was $30,670,000 and unamortized premium was $1,499,628.

Debt Service Requirements to Maturity

The certificates of participation mature through 2042 as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,850,000	859,906	2,709,906
2028-2032	12,865,000	2,906,391	15,771,391
2033-2037	6,780,000	1,274,831	8,054,831
2038-2042	3,745,000	350,963	4,095,963
Total	$ 30,670,000	$ 9,605,465	$ 40,275,465

Finance Purchase Agreement

In December 2016, the District entered into a ten-year agreement to finance the purchase of school buses. The annual interest rate charged on the agreement is 2.55%. At June 30, 2022, the principal balance outstanding was $1,824,582.

Year Ending June 30,	Principal	Interest	Total
2023	$ 346,774	$ 46,527	$ 393,301
2024	355,617	37,684	393,301
2025	364,685	28,616	393,301
2026	373,985	19,316	393,301
2027	383,521	9,780	393,301
Total	$ 1,824,582	$ 141,923	$ 1,966,505

Property and Liability

The District has a property and liability program balance of $300,000 at June 30, 2022.

Supplemental Early Retirement Plan (SERP)

During the 2016-2017, 2017-2018, 2020-2021, and 2021-2022 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
2023	$ 1,577,782
2024	1,577,782
2025	1,577,782
2026	1,228,184
Total	$ 5,961,530

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $3,096,730.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 85,171,407	$ 16,685,443	$ 46,980,623	$ 3,191,450
Medicare Premium Payment (MPP) Program	1,753,552	-	-	(285,532)
Total	$ 86,924,959	$ 16,685,443	$ 46,980,623	$ 2,905,918

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	2,533
Total	2,829

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 the measurement period of June 30, 2022, the District paid $3,141,515 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $85,171,407 was measured as of June 30, 2022 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, 2022 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, 2022. 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	3.69	% for 2022
Healthcare cost trend rates	5.00	% for 2022

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

	Total OPEB Liability
Balance, June 30, 2021	$ 103,028,950
Service cost	4,489,009
Interest	2,034,330
Changes of assumptions	(21,239,367)
Benefit payments	(3,141,515)
Net change in total OPEB liability	(17,857,543)
Balance, June 30, 2022	$ 85,171,407

Changes of assumptions reflect a change in the discount rate from 1.92% to 3.69%.

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:

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	$ 96,337,892
Current discount rate (3.69%)	85,171,407
1% increase (4.69%)	75,746,290

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.00%)	$ 71,993,580
Current healthcare cost trend rate (5.00%)	85,171,407
1% increase (6.00%)	101,729,015

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

For the year ended June 30, 2022, the District recognized OPEB expense of $3,191,450. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	$ -	$ 27,764,053
Changes of assumptions	16,685,443	19,216,570
Total	$ 16,685,443	$ 46,980,623

The 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
2023	$ (3,331,889)
2024	(3,331,889)
2025	(3,331,889)
2026	(3,331,889)
2027	(2,664,488)
Thereafter	(14,303,136)
Total	$ (30,295,180)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $1,753,552 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.4396%, and 0.4812%, resulting in a net decrease in the proportionate share of 0.0416%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(285,532).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 1,932,894
Current discount rate (2.16%)	1,753,552
1% increase (3.16%)	1,600,320

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 1,594,650
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,753,552
1% increase (5.50% Part A and 6.40% Part B)	1,935,726

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 155,000	$ -	$ -	$ -	$ -	$ 155,000
Stores inventories	512,855	-	-	-	410,830	923,685
Total nonspendable	667,855	-	-	-	410,830	1,078,685
Restricted						
Legally restricted programs	23,511,490	-	-	-	3,082,342	26,593,832
Food service	-	-	-	-	8,402,763	8,402,763
Capital projects	-	70,315,063	-	38,398,772	26,013,695	134,727,530
Debt services	-	-	-	-	17,842,543	17,842,543
Pension trust	24,189,390	-	-	-	-	24,189,390
Total restricted	47,700,880	70,315,063	-	38,398,772	55,341,343	211,756,058
Assigned						
Classified summer assistance benefits	304,170	-	-	-	-	304,170
Wellness program	123,459	-	-	-	-	123,459
CNG fueling station	500,000	-	-	-	-	500,000
School site carryover	1,693,226	-	-	-	-	1,693,226
Supplemental and concentration carryover	2,696,298	-	-	-	-	2,696,298
STRS increase	3,070,519	-	-	-	-	3,070,519
PERS increase	1,448,460	-	-	-	-	1,448,460
Bus lease	2,358,000	-	-	-	-	2,358,000
Additional 3% reserve	13,956,810	-	-	-	-	13,956,810
Textbook reserve	19,000,000	-	-	-	-	19,000,000
Technology reserve	4,800,000	-	-	-	-	4,800,000
Facilities projects escalation	15,000,000	-	-	-	-	15,000,000
Facilities projects	34,000,000	-	-	-	-	34,000,000
Deferred maintenance	8,713,886	-	-	-	-	8,713,886
Total assigned	107,664,828	-	-	-	-	107,664,828
Unassigned						
Reserve for economic uncertainties	13,956,810	-	-	-	-	13,956,810
Remaining unassigned	10,376,155	-	-	-	-	10,376,155
Total unassigned	24,332,965	-	-	-	-	24,332,965
Total	$ 180,366,528	$ 70,315,063	$ -	$ 38,398,772	$ 55,752,173	$ 344,832,536

Note 12 - 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, 2020 to June 30, 2022:

	Workers' Compensation	Health and Welfare	Total
Liability Balance, July 1, 2020	$ 483,265	$ 5,000,000	$ 5,483,265
Claims and changes in estimates	(68,060)	44,965,995	44,897,935
Claims payments	(81,041)	(45,465,995)	(45,547,036)
Liability Balance, June 30, 2021	334,164	4,500,000	4,834,164
Claims and changes in estimates	24,246	55,054,417	55,078,663
Claims payments	(32,608)	(53,996,417)	(54,029,025)
Liability Balance, June 30, 2022	$ 325,802	$ 5,558,000	$ 5,883,802
Assets available to pay claims at June 30, 2022	$ 489,917	$ 42,538,814	$ 43,028,731

The claims liability is not discounted.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 133,099,264	$ 64,418,389	$ 130,563,768	$ 5,303,507
CalPERS	91,000,926	18,680,863	38,018,423	7,451,153
Total	$ 224,100,190	$ 83,099,252	$ 168,582,191	$ 12,754,660

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $29,491,462.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 133,099,264
State's proportionate share of the net pension liability	66,970,388
Total	$ 200,069,652

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.2925% and 0.2761%, resulting in a net increase in the proportionate share of 0.0164%.

For the year ended June 30, 2022, the District recognized pension expense of $5,303,507. In addition, the District recognized pension expense and revenue of $2,291,309 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 29,491,462	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	15,734,755	11,114,286
Differences between projected and actual earnings on pension plan investments	-	105,284,946
Differences between expected and actual experience in the measurement of the total pension liability	333,421	14,164,536
Changes of assumptions	18,858,751	-
Total	$ 64,418,389	$ 130,563,768

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 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 Inflows of Resources
2023	$ (26,736,063)
2024	(24,454,763)
2025	(25,061,647)
2026	(29,032,473)
Total	$ (105,284,946)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 3,550,282
2024	6,331,061
2025	(531,672)
2026	596,486
2027	(360,484)
Thereafter	62,432
Total	$ 9,648,105

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 270,942,464
Current discount rate (7.10%)	133,099,264
1% increase (8.10%)	18,692,041

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above and the total District contributions were $15,624,697.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $91,000,926. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.4475% and 0.4497%, resulting in a net decrease in the proportionate share of 0.0022%.

For the year ended June 30, 2022, the District recognized pension expense of $7,451,153. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 15,624,697	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	339,555	2,880,449
Differences between projected and actual earnings on pension plan investments	-	34,923,447
Differences between expected and actual experience in the measurement of the total pension liability	2,716,611	214,527
Total	$ 18,680,863	$ 38,018,423

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 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 Inflows of Resources
2023	$ (8,758,770)
2024	(8,054,473)
2025	(8,397,315)
2026	(9,712,889)
Total	$ (34,923,447)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 936,750
2024	(715,196)
2025	(243,313)
2026	(17,051)
Total	$ (38,810)

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 153,440,339
Current discount rate (7.15%)	91,000,926
1% increase (8.15%)	39,162,815

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 $18,809,746 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Sycamore JHS SIP	$ 2,280,268	December 2022
Magnolia HS Cybersecurity + NC	31,398,533	May 2024
Kennedy Attendance Canopy	43,393	October 2022
District Office Server Room HVAC Improvement	18,068	October 2022
Ball Roofing Project	698,261	November 2022
Total	$ 34,438,523	

Grants

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

Litigation

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

Note 15 - 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, 2022, the District made payments of $8,461,526, $3,092,938, and $5,880,286 to NOCROP, SCRLEF, and PIPS, respectively, for services rendered and pass-through funds.

Required Supplementary Information
June 30, 2022

Anaheim Union High School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 350,503,421	$ 358,624,983	$ 360,841,667	$ 2,216,684
Federal sources	20,015,094	58,537,842	48,867,991	(9,669,851)
Other State sources	49,049,553	74,815,796	74,839,498	23,702
Other local sources	9,554,040	11,212,215	5,345,395	(5,866,820)
Total revenues [1]	429,122,108	503,190,836	489,894,551	(13,296,285)
Expenditures				
Current				
Certificated salaries	178,446,065	183,520,489	181,160,910	2,359,579
Classified salaries	64,888,396	68,453,059	67,837,267	615,792
Employee benefits	133,434,308	141,856,843	135,462,349	6,394,494
Books and supplies	44,469,777	25,986,670	21,433,924	4,552,746
Services and operating expenditures	32,148,811	40,086,625	39,998,511	88,114
Other outgo	14,033,477	13,853,716	13,373,472	480,244
Capital outlay	3,500,070	3,391,120	2,563,724	827,396
Total expenditures [1]	470,920,904	477,148,522	461,830,157	15,318,365
Excess (Deficiency) of Revenues Over Expenditures	(41,798,796)	26,042,314	28,064,394	2,022,080
Other Financing Uses				
Transfers out	(3,800,000)	(3,800,000)	(124,518)	3,675,482
Net Change in Fund Balances	(45,598,796)	22,242,314	27,939,876	5,697,562
Fund Balance - Beginning	152,426,652	152,426,652	152,426,652	-
Fund Balance - Ending	$ 106,827,856	$ 174,668,966	$ 180,366,528	$ 5,697,562

[1] 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, they are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 4,489,009	$ 3,870,080	$ 2,643,573	$ 2,408,818	$ 2,659,508
Interest	2,034,330	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	(21,239,367)	11,016,030	7,781,060	5,752,014	-
Benefit payments	(3,141,515)	(2,653,070)	(3,077,907)	(3,786,266)	(2,974,091)
Net change in total OPEB liability	(17,857,543)	(11,234,211)	10,625,530	(5,532,891)	3,458,828
Total OPEB Liability - Beginning	103,028,950	114,263,161	103,637,631	109,170,522	105,711,694
Total OPEB Liability - Ending	$ 85,171,407	$ 103,028,950	$ 114,263,161	$ 103,637,631	$ 109,170,522
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.4396%	0.4812%	0.4932%	0.4747%	0.4962%
Proportionate share of the net OPEB liability	$ 1,753,552	$ 2,039,084	$ 1,836,494	$ 1,816,867	$ 2,087,528
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.2925%	0.2761%	0.2788%	0.2645%	0.2741%	0.2893%	0.3109%	0.3034%
Proportionate share of the net pension liability	$ 133,099,264	$ 267,603,460	$ 251,777,560	$ 243,050,018	$ 253,465,278	$ 233,962,152	$ 209,282,863	$ 177,288,550
State's proportionate share of the net pension liability	66,970,388	137,949,615	137,361,468	139,157,502	149,947,918	133,190,479	110,687,564	107,054,481
Total	$ 200,069,652	$ 405,553,075	$ 389,139,028	$ 382,207,520	$ 403,413,196	$ 367,152,631	$ 319,970,427	$ 284,343,031
Covered payroll	$ 160,778,718	$ 152,670,427	$ 151,829,644	$ 142,788,683	$ 146,765,787	$ 155,056,682	$ 140,928,288	136,384,781
Proportionate share of the net pension liability as a percentage of its covered payroll	82.78%	175.28%	165.83%	170.22%	172.70%	150.89%	148.50%	129.99%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.4475%	0.4497%	0.4543%	0.4487%	0.4720%	0.4928%	0.4998%	0.5010%
Proportionate share of the net pension liability	$ 91,000,926	$ 137,989,406	$ 132,396,092	$ 119,650,838	$ 112,690,488	$ 97,336,612	$ 73,663,959	$ 56,879,614
Covered payroll	$ 65,224,662	$ 65,969,849	$ 63,184,597	$ 55,201,623	$ 60,547,264	$ 60,359,787	$ 54,558,219	52,325,387
Proportionate share of the net pension liability as a percentage of its covered payroll	139.52%	209.17%	209.54%	216.75%	186.12%	161.26%	135.02%	108.70%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 29,491,462	$ 25,965,763	$ 26,106,643	$ 24,717,866	$ 20,604,407	$ 18,463,136	$ 16,637,582	$ 12,514,432
Less contributions in relation to the contractually required contribution	29,491,462	25,965,763	26,106,643	24,717,866	20,604,407	18,463,136	16,637,582	12,514,432
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 174,299,421	$ 160,778,718	$ 152,670,427	$ 151,829,644	$ 142,788,683	$ 146,765,787	$ 155,056,682	$ 140,928,288
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 15,624,697	$ 13,501,505	$ 13,009,914	$ 11,412,402	$ 8,573,364	$ 8,408,804	$ 7,150,824	$ 6,422,048
Less contributions in relation to the contractually required contribution	15,624,697	13,501,505	13,009,914	11,412,402	8,573,364	8,408,804	7,150,824	6,422,048
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 68,200,336	$ 65,224,662	$ 65,969,849	$ 63,184,597	$ 55,201,623	$ 60,547,264	$ 60,359,787	$ 54,558,219
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances. 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 1.92% in 2021 to 3.69% in 2022.

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

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

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

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

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

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

Schedule of the District’s Contributions

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

Supplementary Information
June 30, 2022

Anaheim Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 8,043,785
School Improvement Funding for LEAs	84.010	15438	216,577
Subtotal			8,260,362
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	418,399
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	24,378,872
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	431,309
COVID 19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	3,617,707
COVID 19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	711,783
Subtotal			29,558,070
Title III, English Learner Student Program	84.365	14346	605,246
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	693,441
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,117,853
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	621,446
Passed Through Greater Anaheim SELPA			
Special Education (IDEA) Cluster			
COVID 19: American Rescue Plan (ARP) IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	1,199,628
COVID 19: ARP IDEA Part B, Sec 611, Local Assistance Private School ISPs	84.027	10169	4,975
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,629,253
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	23,346
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	331,815
Total Special Education (IDEA) Cluster			7,189,017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through CDE			
State Vocational Rehabilitation Services Program	84.126A	30103	$ 78,548
Passed through Napa County Office of Education			
Cali-Reads	84.323A	[1]	67,680
Passed through California State University Fullerton			
California State Gear Up Program	84.334A	[1]	32,978
Total U.S. Department of Education			48,224,641
U.S. Department of Health and Human Services			
Passed Through CSUF Auxiliary Services Corporation			
Health Careers Opportunity Program	93.822	S-6874-AUHSD	16,000
Total U.S. Department of Health and Human Services			16,000
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Programs (School Breakfast Basic)	10.553	13525	134,253
School Programs (School Breakfast Needy)	10.553	13526	3,692,415
Subtotal			3,826,668
School Programs (NSL Sec 4)	10.555	13523	1,747,551
School Programs (NSL Sec 11)	10.555	13524	16,717,122
Meal Supplements	10.555	13755	135,628
Commodities	10.555	13524	1,922,209
Supply Chain Assistance	10.555	15655	1,043,146
COVID 19 SNP COVID 19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	1,426,062
Subtotal			22,991,718
Total Child Nutrition Cluster			26,818,386
Total U.S. Department of Agriculture			26,818,386

[1] Pass-Through Entity Number not available

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense			
Passed Through Orange County Department of Education			
Junior Reserve Officers Training Corps - Army	12.000	[1]	$ 335,913
Junior Reserve Officers Training Corps - Navy	12.000	JROTC162S	64,797
Total U.S. Department of Defense			400,710
Federal Communications Commission			
Emergency Connectivity Fund (ECF)	32.009	[2]	226,640
Total Federal Communications Commission			226,640
Total Federal Financial Assistance			$ 75,686,377

[1] Pass-Through Entity Number not available
[2] Direct Award

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
Al Jabbar	President	2022
Brian O'Neal	Clerk	2024
Katherine H. Smith	Assistant Clerk	2024
Anna L Piercy	Member	2026
Annemarie Randle-Trejo	Member	2026

Administration

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

	Final Report	
	Second Period Report 1D7B8B8A	Annual Report F21B4B79
Regular ADA		
Seventh and eighth	8,201.94	8,194.37
Ninth through twelfth	17,856.44	17,803.24
Total Regular ADA	26,058.38	25,997.61
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	5.43	6.51
Ninth through twelfth	23.77	26.49
Total Special Education, Nonpublic, Nonsectarian Schools	29.20	33.00
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.39	0.39
Ninth through twelfth	3.80	3.80
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	4.19	4.19
Total ADA	26,091.77	26,034.80

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Grades 7 - 8	54,000										
Grade 7		61,540	-	61,540	180	-	180	-	-	-	Complied
Grade 8		61,540	-	61,540	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,242	-	65,242	180	-	180	-	-	-	Complied
Grade 10		65,242	-	65,242	180	-	180	-	-	-	Complied
Grade 11		65,242	-	65,242	180	-	180	-	-	-	Complied
Grade 12		65,242	-	65,242	180	-	180	-	-	-	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 563,218,755	$ 489,952,984	$ 465,049,065	$ 416,651,019
Expenditures	544,247,861	461,523,212	436,252,983	405,518,941
Other uses	3,800,000	3,703,788	3,429,084	1,680,375
Total expenditures and other uses	548,047,861	465,227,000	439,682,067	407,199,316
Increase in Fund Balance	15,170,894	24,725,984	25,366,998	9,451,703
Ending Fund Balance	$ 186,823,537	$ 171,652,643	$ 146,926,659	$ 121,559,661
Available Reserves [2]	$ 38,181,882	$ 24,332,965	$ 97,406,177	$ 77,705,449
Available Reserves as a Percentage of Total Outgo	6.97%	5.23%	22.15%	19.08%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 637,638,044	$ 845,756,168	$ 854,531,856
K-12 Average Daily Attendance at P-2	26,332	26,092	28,386	28,386

The General Fund balance has increased by $50,092,982 over the past two years, and the fiscal year 2022-2023 budget projects an increase of $15,170,894 (8.8%). 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 for the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $216,893,812 over the past two years.

Average daily attendance has decreased by 2,294 over the past two years; however, an increase of 240 ADA is anticipated during fiscal year 2022-2023.

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

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

[3] General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund as required by GASB Statement No. 54.

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 3,082,342	$ 5,041,307	$ 24,624,549	$ 17,827,355	$ 50,575,553
Receivables	-	4,701,064	13,910	15,188	4,730,162
Due from other funds	-	15,343	2,098,041	-	2,113,384
Stores inventories	-	410,830	-	-	410,830
Total assets	$ 3,082,342	$ 10,168,544	$ 26,736,500	$ 17,842,543	$ 57,829,929
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 334,428	$ 712,783	$ -	$ 1,047,211
Due to other funds	-	852,101	10,022	-	862,123
Unearned revenue	-	168,422	-	-	168,422
Total liabilities	-	1,354,951	722,805	-	2,077,756
Fund Balances					
Nonspendable	-	410,830	-	-	410,830
Restricted	3,082,342	8,402,763	26,013,695	17,842,543	55,341,343
Total fund balances	3,082,342	8,813,593	26,013,695	17,842,543	55,752,173
Total liabilities and fund balances	$ 3,082,342	$ 10,168,544	$ 26,736,500	$ 17,842,543	$ 57,829,929

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ 26,818,386	$ -	$ -	$ 26,818,386
Other State sources	-	1,835,534	-	94,469	1,930,003
Other local sources	4,958,695	720,154	6,906,867	20,802,837	33,388,553
	-				
Total revenues	4,958,695	29,374,074	6,906,867	20,897,306	62,136,942
Expenditures					
Current					
Pupil services					
Food services	-	22,988,362	-	-	22,988,362
Administration					
All other administration	-	-	99,152	-	99,152
Plant services	-	343,185	-	-	343,185
Ancillary services	4,688,534	-	-	-	4,688,534
Facility acquisition and construction	-	28,274	1,261,674	-	1,289,948
Debt service					
Principal	-	-	-	9,790,000	9,790,000
Interest and other	-	-	-	9,899,013	9,899,013
Total expenditures	4,688,534	23,359,821	1,360,826	19,689,013	49,098,194
Excess of Revenues Over Expenditures	270,161	6,014,253	5,546,041	1,208,293	13,038,748
Other Financing Uses					
Transfers out	-	-	(2,612,717)	-	(2,612,717)
Net Change in Fund Balances	270,161	6,014,253	2,933,324	1,208,293	10,426,031
Fund Balance - Beginning	2,812,181	2,799,340	23,080,371	16,634,250	45,326,142
Fund Balance - Ending	$ 3,082,342	$ 8,813,593	$ 26,013,695	$ 17,842,543	$ 55,752,173

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, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or changes in net position and fund balance of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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, 2022, 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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2022

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 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 15, 2022.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 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

Opinion on Each Major Federal Program

We have audited Anaheim Union High School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

Independent Auditor's Report on State Compliance

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

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Comprehensive School Safety Plans

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

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on Comprehensive School Safety Plans

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Comprehensive School Safety Plans as described in the accompanying schedule of state compliance findings and questioned costs as item 2022-001.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District was not listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

We did not perform In Person Instruction Grant procedures because the District did not receive funding for this grant.

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 a material noncompliance with compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

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

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
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: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID 19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U

Dollar threshold used to distinguish between type A and type B programs	$2,270,591
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Qualified*

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

Name of Program
Comprehensive School Safety Plans

None reported.

None reported.

The following finding represents an instance of noncompliance and a significant deficiency that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-001 40000 – Comprehensive School Safety Plans

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of inquiry with the District's management. In a sample of six school sites, three sites were noted to have updated their plans subsequent to the March 1 deadline and one site was unable to provide documentation of the date that the plan was updated.

Effect

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

Cause

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

Repeat Finding

No

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

The following corrective action plan is in response to being identified as non-compliant in California Education Code Section 32286(a), which states that each school site is required to annually review and update its comprehensive school safety plan by March 1st.

To ensure compliance and meet the March 1, 2023 deadline this school year and in subsequent years, the district will monitor the process and provide additional support to ensure that all site plans are updated and submitted in a timely manner.

As such, the district's Student Support Services office has met with all administrators who oversee School Safety Plans to review expectations and timelines. The following are the remaining support meetings in place to ensure compliance for the 2022-2023 school year:

Mandatory attendance for all Assistant Principals who oversee School Safety

Date	Time	Location	Agenda	Action Items
12/08/2022 (Thursday)	3 - 4pm	PDC	● Timeline ● Goal Setting ● Site Safety Team Meetings ● District Weekly Support ● School Site Council & other approvals ● Board Approval	● Request School Safety Plan to be on the February 2023 School Site Council Meeting Agenda ● Identify Site Safety Team members ● Calendar Safety Team Meeting leading up to SSC presentation ● Attend Virtual Safety Plan Meeting as needed
01/17/2023 (Wednesday)	3 - 4pm	PDC	● Re-visit Timeline/Progress ● Goal Review & ShareOut ● Collaboration Time	● Submit School Safety Plan to SSC for review, evaluation, and amendment (if necessary) ● Develop Presentation for SSC

Date	Time	Location	Agenda	Action Items
02/07/2023 (Tuesday)	3 - 4pm	PDC	• Final Review • Review Presentation • Collaboration Time	• Bring February SSC Agenda
OPTIONAL Every Monday January - February	3 - 4pm	Google Meet	• Open Agenda: Recurring Monday Safety Plan Support Meeting	• Ongoing support – Bring specific questions that will move your planning and execution forward

Resources:
- CDE Comprehensive School Safety Plans: https://www.cde.ca.gov/ls/ss/vp/cssp.asp
- CDE Safe Schools Planning web page: https://www.cde.ca.gov/ls/ss/vp/safeschlplanning.asp
- CDE School Safety Plan Video September 15, 2022: https://youtu.be/tEsYgHLQV_4

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

Management
Anaheim Union High School District
Anaheim, California

In planning and performing our audit of the financial statements of Anaheim Union High School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2022, on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY (ASB)

Dale Jr. High School

Observations

1. Based on the review of the cash receipting procedures, it was noted that one of the four deposits tested was not deposited in a timely manner. The delay in deposit was approximately 32 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that three of nine disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Based on the review of the disbursement procedures, it was noted that thee of nine disbursements were made without explicit receiving documentation for goods being ordered.

Recommendation

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Cypress High School

Observations

Revenue potential forms are not being used to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendations

The revenue potential form is a vital internal control tool; it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022