Financial Statements
June 30, 2020

Anaheim Union High School District

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anaheim Union High School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Anaheim Union High School District, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 76, schedule of changes in the District's total OPEB liability and related ratios on page 77, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 78, schedule of the District's proportionate share of the net pension liability on page 79, and the schedule of District contributions on page 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2021 on our consideration of Anaheim Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Anaheim Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anaheim Union High School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021

This section of Anaheim Union High School District's (the District) June 30, 2020, annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. 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 and deferred outflows of resources of the District (including capital assets), as well as all liabilities and deferred inflows of resources (including long-term obligations). 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 and deferred outflows of resources and liabilities and deferred inflows of resources of the District using the accrual basis of accounting*,* which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of grade seven through grade twelve students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statements of Fiduciary 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 $(49,248,235) for the fiscal year-ended June 30, 2020. Of this amount, $(339,235,036) 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	
	2020	2019
Assets		
Current and other assets	$ 396,293,816	$ 317,633,616
Capital assets	393,613,085	336,421,457
Total assets	789,906,901	654,055,073
Deferred outflows of resources	112,405,086	103,860,796
Liabilities		
Current liabilities	47,001,784	40,468,248
Long-term liabilities other than OPEB and pension	354,258,549	263,573,365
Other postemployment benefits (OPEB) liability	116,099,655	105,454,498
Aggregate net pension liability	384,173,652	362,700,856
Total liabilities	901,533,640	772,196,967
Deferred inflows of resources	50,026,582	53,762,762
Net Position		
Net investment in capital assets	207,882,806	183,178,919
Restricted	82,103,995	78,644,375
Unrestricted (deficit)	(339,235,036)	(329,867,154)
Total net position (deficit)	$ (49,248,235)	$ (68,043,860)

The increase in total assets is mainly due to an increase in capital assets attributed to the modernization/construction projects completed and in progress. Total liabilities increase mainly due to the issuance of Measure H general obligation bonds and increase in the Districts post-employment liability, and pension liability. The deficit net position is the result of the implementation of GASB Statement No. 68, requiring the District to report their share of CalSTRS and CalPERS net pension liability.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 3,990,185	$ 4,659,552
Operating grants and contributions	84,454,845	88,301,913
Capital grants and contributions	2,551,269	1,310,254
General revenues		
Federal and State aid not restricted	238,148,910	239,293,175
Property taxes	127,278,158	123,603,423
Other general revenues	19,973,130	18,715,177
Total revenues	476,396,497	475,883,494
Expenses		
Instruction-related	300,423,285	286,864,510
Pupil services	61,129,063	60,365,103
Administration	24,184,098	21,638,681
Plant services	38,335,772	40,282,018
All other services	33,528,654	29,064,921
Total expenses	457,600,872	438,215,233
Change in net position	$ 18,795,625	$ 37,668,261

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $457,600,872. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $127,278,158 because the cost was paid by those who benefited from the programs ($3,990,185) or by other governments and organizations who subsidized certain programs with grants and contributions ($87,006,114). We paid for the remaining "public benefit" portion of our governmental activities with $258,122,040 in Federal and State funds and with other revenues, like interest and general entitlements. Operating grants and contributions consist of categorical programs. Capital grants and contributions consist of State modernization and construction funds.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction-related	$ 300,423,285	$ 286,864,510	$ (243,041,384)	$ (229,956,456)
Pupil services	61,129,063	60,365,103	(35,164,294)	(30,636,827)
Administration	24,184,098	21,638,681	(22,220,081)	(19,932,204)
Plant services	38,335,772	40,282,018	(37,974,235)	(38,849,975)
All other services	33,528,654	29,064,921	(28,204,579)	(24,568,052)
Total	$ 457,600,872	$ 438,215,233	$ (366,604,573)	$ (343,943,514)

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

The District's Funds

As the District completed this year, our governmental funds reported a combined fund balance of $324,692,102, which is an increase of $67,317,320, or 26.2 percent from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	$ 117,978,933	$ 416,716,221	$ 410,853,035	$ 123,842,119
Building	70,308,586	105,426,058	38,980,115	136,754,529
Cafeteria	8,218,043	20,276,057	22,738,717	5,755,383
Capital Facilities	18,982,775	5,410,359	5,918,903	18,474,231
County School Facilities	1,310,460	2,551,269	3,834,786	26,943
Special Reserve Fund for Capital Outlay Projects	21,357,311	2,635,333	8,560,299	15,432,345
Bond Interest and Redemption	19,218,674	26,561,466	21,373,588	24,406,552
Total	$ 257,374,782	$ 579,576,763	$ 512,259,443	$ 324,692,102

The primary reasons for these increases/decreases are:

1. The General Fund is the principal operating fund. The actual fund balance during the 2019-2020 fiscal year increased approximately $5.9 million, primarily due to an increase in LCFF revenues, property tax revenue, and an increase in receivables due to the deferral of the June apportionment.
2. The Building Fund increased $66.4 million mainly attributed to the issuance of Measure H bonds.
3. The Districts Capital Facilities Fund revenue was $5.4 million, and expenditures were $5.9 million for a decrease in fund balance of $0.5 million. Expenditures include $2.0 million in debt service payments for the 2017 Certificates of Participation, $1.9 million in projects at Dale Junior High School, Kennedy High School, Cypress High School, and Anaheim High School
4. Our Special Reserve fund for Capital Outlay Projects decreased $5.9 million due to expenditures of $6.6 million for projects at Anaheim High School, Loara High School, Cypress High School, and Dale Junior High School. Expenditures of $2.0 million were attributed to debt service payments recorded in the Special Reserve Fund which is offset by a transfer of funds from the Capital Facilities Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in September 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 76.

1. General Fund final budgeted ending fund balance increased by approximately $24.6 million over the original projection. A total of $9.6 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 $393,613,085 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 $57,191,628, or 17.0 percent, from last year.

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 139,001,617	$ 75,216,776
Buildings and improvements	238,229,651	246,327,583
Equipment	16,381,817	14,877,098
Total	$ 393,613,085	$ 336,421,457

This year's increase of $57.2 million is due primarily to the Measure H construction projects and 21st Century classroom furniture.

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

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

At the end of this year, the District had $354,566,549 in long-term liabilities other than OPEB and Pension versus $263,573,365 last year, an increase of $90,993,184, or 34.5 percent. The long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 292,936,591	$ 203,141,462
Premium on issuance	18,727,335	13,584,218
Certificates of participation	32,400,000	33,060,000
Premium on issuance	1,661,750	1,742,811
Capital leases	2,541,909	3,028,928
Property and liability	50,000	358,000
Claims liability	483,265	497,180
Supplemental early retirement plan (SERP)	3,141,126	6,276,909
Compensated absences	2,316,573	1,883,857
Total	$ 354,258,549	$ 263,573,365

The District's general obligation bond rating is "AAA." The State limits the amount of general obligation debt that districts can issue to no more than 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $292,936,591 is significantly below the statutorily-imposed limit.

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

OPEB and Pension Liabilities

At the end of this year, the District had $116,099,655 in OPEB liability versus $105,454,498 last year, an increase of $10,645,157, or 10.1 percent

At the end of this year, the District had $384,173,652 in net pension liability versus $362,700,856 last year, an increase of $21,472,796, or 5.9 percent.

Significant Accomplishments of Fiscal Year 2019-2020 Are Noted Below:

The District completed site improvements in the amount of $37.2 million at Kennedy High School, Cypress High School, Savanna High School, and Ball Junior High School.

The District office roofing project was completed for a cost of $2.3 million.

The District received a State School Facilities grant in the amount of $2.5 million for Anaheim High School.

Western High School’s parking lot improvement was completed for a cost of $2.9 million.

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

The District received $0.5 million in SB 117 COVID-19 LEA Response Funds.

Economic Factors and Next Year's Budgets and Rates

In considering the District's Adopted Budget for the 2020-2021 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 (7.92) percent statutory COLA. The COLA was later revised to 0.00 percent upon the state adopted budget for 2020-2021.
2. Average Daily Attendance (ADA) was budgeted at a 504 decrease from prior year.
3. The GAP funding rate is fully funded at 100 percent.
4. The unduplicated enrollment count percentage used was 73.01 percent. The three-year rolling average is 73.29 percent
5. State lottery was budgeted at $207 per ADA.
6. Grants include estimated carryover from 2019-2020 and are adjusted to actual after June 30, 2020.
7. Interest rate for Cash in County is budgeted at 2.09 percent.
8. Certificated negotiations for the 2020-2021 fiscal year are not complete.
9. Classified negotiations for the 2020-2021 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 3.7 percent 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	$ 332,102,516
Receivables	63,348,125
Stores inventories	843,175
Capital assets not depreciated	139,001,617
Capital assets, net of accumulated depreciation	254,611,468
Total assets	789,906,901
Deferred Outflows of Resources	
Deferred charge on refunding	887,796
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	11,118,439
Deferred outflows of resources related to pensions	100,398,851
Total deferred outflows of resources	112,405,086
Liabilities	
Accounts payable	34,096,419
Accrued interest payable	5,663,799
Unearned revenue	2,241,566
Claims liability	5,000,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	20,236,442
Long-term liabilities other than OPEB and pensions due in more than one year	334,022,107
Other postemployment benefits (OPEB) liability	116,099,655
Aggregate net pension liability	384,173,652
Total liabilities	901,533,640
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	10,034,720
Deferred inflows of resources related to pensions	39,991,862
Total deferred inflows of resources	50,026,582
Net Position	
Net investment in capital assets	207,882,806
Restricted for	
Debt service	18,742,753
Capital projects	18,501,174
Educational programs	9,587,849
Other activities	35,272,219
Unrestricted (deficit)	(339,235,036)
Total net position (deficit)	$ (49,248,235)

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	$ 265,404,427	$ 1,096,254	$ 50,345,864	$ 2,551,269	$ (211,411,040)
Instruction-related activities					
Supervision of instruction	7,914,344	90,749	1,926,397	-	(5,897,198)
Instructional library, media, and technology	1,942,867	-	12,497	-	(1,930,370)
School site administration	25,161,647	12,175	1,346,696	-	(23,802,776)
Pupil services					
Home-to-school transportation	8,322,829	5,058	72,619	-	(8,245,152)
Food services	23,986,472	1,611,989	18,289,813	-	(4,084,670)
All other pupil services	28,819,762	32,449	5,952,841	-	(22,834,472)
Administration					
Data processing	6,572,738	-	-	-	(6,572,738)
All other administration	17,611,360	3,349	1,960,668	-	(15,647,343)
Plant services	38,335,772	26,019	335,518	-	(37,974,235)
Ancillary services	6,458,544	2,624	1,030,646	-	(5,425,274)
Community services	921,768	4,367	123,048	-	(794,353)
Interest on long-term liabilities	10,822,484	-	-	-	(10,822,484)
Other outgo	15,325,858	1,105,152	3,058,238	-	(11,162,468)
Total governmental activities	$ 457,600,872	$ 3,990,185	$ 84,454,845	$ 2,551,269	(366,604,573)
General Revenues and Subventions					
Property taxes, levied for general purposes					104,105,632
Property taxes, levied for debt service					19,481,901
Taxes levied for other specific purposes					3,690,625
Federal and State aid not restricted to specific purposes					238,148,910
Interest and investment earnings					5,836,799
Miscellaneous					14,136,331
Subtotal, general revenues					385,400,198
Change in Net Position					18,795,625
Net Position - Beginning					(68,043,860)
Net Position - Ending					$ (49,248,235)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 91,877,230	$ 140,661,393	$ 62,384,621	$ 294,923,244
Receivables	61,318,482	140,116	1,844,058	63,302,656
Due from other funds	817,316	7,983	1,837,323	2,662,622
Stores inventories	579,547	-	263,628	843,175
Total assets	$ 154,592,575	$ 140,809,492	$ 66,329,630	$ 361,731,697
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 27,010,017	$ 4,023,075	$ 1,102,315	$ 32,135,407
Due to other funds	1,679,659	31,888	951,075	2,662,622
Unearned revenue	2,060,780	-	180,786	2,241,566
Total liabilities	30,750,456	4,054,963	2,234,176	37,039,595
Fund Balances				
Nonspendable	734,547	-	263,628	998,175
Restricted	9,587,849	136,754,529	63,831,826	210,174,204
Assigned	35,814,274	-	-	35,814,274
Unassigned	77,705,449	-	-	77,705,449
Total fund balances	123,842,119	136,754,529	64,095,454	324,692,102
Total liabilities and fund balances	$ 154,592,575	$ 140,809,492	$ 66,329,630	$ 361,731,697

Total Fund Balance - Governmental Funds		$ 324,692,102
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	$ 574,132,270	
Accumulated depreciation is	(180,519,185)	
Net capital assets		393,613,085
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.		(5,663,799)
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.		29,780,464
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	887,796	
Net other postemployment benefits liability	11,118,439	
Net pension liability	100,398,851	
Total deferred outflows of resources		112,405,086
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		
Net other postemployment benefits liability	(10,034,720)	
Net pension liability	(39,991,862)	
Total deferred inflows of resources		(50,026,582)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (384,173,652)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(116,099,655)
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	$ (283,473,955)	
Premium on issuance of general obligation bonds	(18,727,335)	
Certificates of participation	(32,400,000)	
Premium on issuance of Certificates of participation	(1,661,750)	
Capital leases	(2,541,909)	
Property and liability	(50,000)	
Supplemental early retirement plan (SERP)	(3,141,126)	
Compensated absences (vacations)	(2,316,573)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(9,462,636)	
Total long-term liabilities		(353,775,284)
Total net position - governmental activities		$ (49,248,235)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 332,700,420	$ -	$ -	$ 332,700,420
Federal sources	17,266,512	-	17,146,040	34,412,552
Other State sources	52,786,653	-	3,848,110	56,634,763
Other local sources	13,962,636	2,881,058	27,425,251	44,268,945
Total revenues	416,716,221	2,881,058	48,419,401	468,016,680
Expenditures				
Current				
Instruction	249,904,268	-	-	249,904,268
Instruction-related activities				
Supervision of instruction	7,399,054	-	-	7,399,054
Instructional library, media, and technology	1,834,005	-	-	1,834,005
School site administration	23,001,346	-	-	23,001,346
Pupil services				
Home-to-school transportation	8,909,349	-	-	8,909,349
Food services	96,373	-	22,318,983	22,415,356
All other pupil services	27,316,266	-	-	27,316,266
Administration				
Data processing	6,670,166	-	-	6,670,166
All other administration	16,810,950	-	21,516	16,832,466
Plant services	35,814,030	-	271,213	36,085,243
Ancillary services	6,100,588	-	-	6,100,588
Community services	875,175	-	-	875,175
Other outgo	13,094,670	-	-	13,094,670
Facility acquisition and construction	12,285,629	38,461,077	14,451,038	65,197,744
Debt service				
Principal	487,019	-	14,295,000	14,782,019
Interest and other	73,772	519,038	9,017,730	9,610,540
Total expenditures	410,672,660	38,980,115	60,375,480	510,028,255
Excess (Deficiency) of Revenues Over Expenditures	6,043,561	(36,099,057)	(11,956,079)	(42,011,575)
Other Financing Sources (Uses)				
Transfers in	-	-	2,231,188	2,231,188
Other sources - proceeds from issuance of general obligation bonds	-	102,545,000	-	102,545,000
Other sources - premium from issuance of general obligation bonds	-	-	6,783,895	6,783,895
Transfers out	(180,375)	-	(2,050,813)	(2,231,188)
Net Financing Sources (Uses)	(180,375)	102,545,000	6,964,270	109,328,895
Net Change in Fund Balances	5,863,186	66,445,943	(4,991,809)	67,317,320
Fund Balance - Beginning	117,978,933	70,308,586	69,087,263	257,374,782
Fund Balance - Ending	$ 123,842,119	$ 136,754,529	$ 64,095,454	$ 324,692,102

Total Net Change in Fund Balances - Governmental Funds		$ 67,317,320
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 67,228,598	
Depreciation expense	(10,020,043)	
Net expense adjustment		57,208,555
In the Statement of Activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets sold.		(16,927)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid were more than the amount earned by $3,135,783. Vacation earned was more than the amount used by $432,716.		2,703,067
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.		(16,730,230)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(2,923,571)
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.		308,000

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following debt	
General obligation bonds	$ (102,545,000)
Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items	
Premium on issuance	(6,783,895)
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	13,635,000
Certificates of participation	660,000
Capital leases	487,019
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	1,721,839
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 increased by $1,864,972, and second, $885,129 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.	(2,750,101)
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.	6,688,231
Change in net position of governmental activities	$ 18,795,625

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 37,179,272
Receivables	45,469
Total current assets	37,224,741
Liabilities	
Current liabilities	
Accounts payable	1,961,012
Current portion of claims liabilities	5,076,703
Total current liabilities	7,037,715
Noncurrent liabilities	
Claims liabilities	406,562
Total net position	$ 29,780,464

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for services	$ 57,184,157
Operating Expenses	
Other operating cost	51,083,653
Operating Income	6,100,504
Nonoperating Revenues	
Interest income	587,727
Change in Net Position	6,688,231
Total Net Position - Beginning	23,092,233
Total Net Position - Ending	$ 29,780,464

	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities	
Cash received from interfund services provided	$ 57,184,157
Cash payments for insurance premiums	(51,794,370)
Net Cash Provided by Operating Activities	5,389,787
Cash Flows From Investing Activities	
Interest on investments	609,484
Net Change in Cash and Cash Equivalents	5,999,271
Cash and Cash Equivalents, Beginning	31,180,001
Cash and Cash Equivalents, Ending	$ 37,179,272
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 6,100,504
Changes in assets and liabilities	
Accounts payable	340,294
Claims liability	(1,051,011)
Net Cash From Operating Activities	$ 5,389,787

	Agency Funds
Assets	
Deposits and investments	$ 3,246,489
Receivables	239
Total assets	$ 3,246,728
Liabilities	
Accounts payable	$ 237,653
Due to student groups	3,009,075
Total liabilities	$ 3,246,728

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.

Under the Flexibility provisions of current statue that allow certain formerly restricted revenues to be used for any educational purpose, Fund 14, Deferred Maintenance Fund does not currently meet the definition of special revenue funds as these funds are no longer primarily composed of restricted or committed revenue sources.

As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within this fund would be considered to be available for general education purposes, resulting in Fund 14, Deferred Maintenance Fund being 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 $2,282,458, an increase of revenues of $65,202, and an increase in expenditures and other financing uses of $3,653,719.

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

Non-Major Governmental Funds

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

- **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).

- **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).

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 funds that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District operates no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB) and monies received on behalf of Special Education Local Plan Area (SELPA) for special education revenue passed through to Greater Anaheim Special Education Local Plan Area (GASELPA).

Basis of Accounting - Measurement Focus

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

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

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

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

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In the government-wide financial statements and in the proprietary fund type financial statements, premiums and discounts on issuance of long-term liabilities are deferred and amortized over the life of the related debt as a component of interest expense using the straight-line method. In the governmental funds, premiums and discounts on issuance of long-term liabilities are recognized as other financing sources and uses, respectively.

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2020, 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.

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 $82,103,995.

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

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

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

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

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

In March 2020, the GASB issued Statement No. 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.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

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

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

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

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

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

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

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 332,102,516
Fiduciary funds	3,246,489
Total deposits and investments	$ 335,349,005

Deposits and investments as of June 30, 2020, consisted of the following:

Cash on hand and in banks	$ 11,489,232
Cash in revolving	155,000
Investments	323,704,773
Total deposits and investments	$ 335,349,005

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing primarily in the Orange County Treasury Investment Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
Orange County Treasury Investment Pool	$ 323,704,773	266

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment in the Orange County Treasury Investment Pool has been rated Aaa by Moody's Investor Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. Monies so deposited shall be in a fully-secured or collateralized account or instruments. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent 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 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $11,660,559 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$ 6,003,671	$ -	$ 1,395,509	$ -	$ 7,399,180	$ -
State Government						
LCFF apportionment	45,125,830	-	-	-	45,125,830	-
Categorical aid	1,742,218	-	259,555	-	2,001,773	-
Lottery	1,426,953	-	-	-	1,426,953	-
Special education	3,324,316	-	-	-	3,324,316	-
Local Government						
Interest	78,537	140,116	85,215	34,925	338,793	239
Greater Anaheim SELPA	1,303,047	-	-	-	1,303,047	-
Due from other LEAs	760,636	-	-	-	760,636	-
Other local sources	1,553,274	-	103,779	10,544	1,667,597	-
Total	$ 61,318,482	$ 140,116	$ 1,844,058	$ 45,469	$ 63,348,125	$ 239

Note 4 - Capital Assets

Capital asset activity for the fiscal year-ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,063,222	$ -	$ -	$ 9,063,222
Construction in progress	66,153,554	63,949,067	(164,226)	129,938,395
Total capital assets not being depreciated	75,216,776	63,949,067	(164,226)	139,001,617
Capital assets being depreciated				
Land improvements	23,287,437	-	(183,557)	23,103,880
Buildings and improvements	380,618,860	16,168	(10,593)	380,624,435
Furniture and equipment	16,128,256	1,487,830	(697,225)	16,918,861
Vehicles	12,554,718	1,939,759	(11,000)	14,483,477
Total capital assets being depreciated	432,589,271	3,443,757	(902,375)	435,130,653
Total capital assets	507,806,047	67,392,824	(1,066,601)	574,132,270
Accumulated depreciation				
Land improvements	(19,306,333)	(322,658)	182,026	(19,446,965)
Buildings and improvements	(138,272,381)	(7,785,232)	5,914	(146,051,699)
Furniture and equipment	(9,203,033)	(1,176,329)	686,508	(9,692,854)
Vehicles	(4,602,843)	(735,824)	11,000	(5,327,667)
Total accumulated depreciation	(171,384,590)	(10,020,043)	885,448	(180,519,185)
Governmental activities capital assets, net	$ 336,421,457	$ 57,372,781	$ (181,153)	$ 393,613,085

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

Governmental Activities	
Instruction	$ 6,312,628
School site administration	801,603
Home-to-school transportation	300,601
Food services	901,804
Data processing	100,200
All other administration	501,002
Plant services	1,102,205
Total depreciation expenses governmental activities	$ 10,020,043

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 31,888	$ 785,428	$ 817,316
Building Fund	7,983	-	-	7,983
Non-Major Governmental Funds	1,671,676	-	165,647	1,837,323
Total	$ 1,679,659	$ 31,888	$ 951,075	$ 2,662,622

The balance of $785,404 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for repayment of payroll related costs and supplies.

The balance of $31,888 due to the General Fund from the Building Fund is for reimbursement of project costs.

A balance of $24 due to the General Fund from the Capital Facilities Non-Major Governmental Fund is for reimbursement of project costs.

The balance of $7,983 due to the Building Fund from the General Fund is for reimbursement of project costs.

A balance of $1,610,874 due to the Capital Facilities Non-Major Governmental Fund from the General Fund is for reimbursement of project costs.

A balance of $60,802 due to the County School Facilities Non-Major Governmental Fund from the General Fund is for reimbursement of project costs.

The balance of $165,647 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the County School Facilities Non-Major Governmental Fund is for reimbursement of project costs.

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
Non-Major Governmental Funds	$ 180,375	$ 2,050,813	$ 2,231,188

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects adjustments to the DROPs grant.	$ 180,375
The Capital Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to pay debt service payments for the certificates of participation.	2,050,813
Total	$ 2,231,188

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Salaries and benefits	$ 6,904,351	$ 39,009	$ -	$ -	$ 6,943,360	$ -
LCFF apportionment	14,136,899	-	-	-	14,136,899	-
Supplies	1,538,486	20,814	169,226	-	1,728,526	-
Services	2,663,755	-	61,468	1,961,012	4,686,235	-
Capital outlay	143,577	3,963,252	803,287	-	4,910,116	-
North Orange County ROP	828,121	-	-	-	828,121	-
Greater Anaheim SELPA	69,065	-	-	-	69,065	-
Orcnage County Department of Education	150,459	-	-	-	150,459	-
Other vendor payables	575,304	-	68,334	-	643,638	237,653
Total	$ 27,010,017	$ 4,023,075	$ 1,102,315	$ 1,961,012	$ 34,096,419	$ 237,653

Note 7 - Unearned Revenues

Unearned revenues at June 30, 2020, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,503,812	$ -	$ 1,503,812
State categorical aid	170,452	-	170,452
Other local	386,516	180,786	567,302
Total	$ 2,060,780	$ 180,786	$ 2,241,566

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 203,141,462	$ 103,430,129	$ (13,635,000)	$ 292,936,591	$ 17,415,000
Premium on issuance	13,584,218	6,783,895	(1,640,778)	18,727,335	-
Certificates of participation	33,060,000	-	(660,000)	32,400,000	795,000
Premium on issuance	1,742,811	-	(81,061)	1,661,750	-
Capital leases	3,028,928	-	(487,019)	2,541,909	379,176
Property and liability	358,000	1,285,383	(1,593,383)	50,000	-
Claims liability	497,180	62,788	(76,703)	483,265	76,703
Supplemental early retirement plan (SERP)	6,276,909	-	(3,135,783)	3,141,126	1,570,563
Compensated absences	1,883,857	432,716	-	2,316,573	-
Total	$ 263,573,365	$ 111,994,911	$ (21,309,727)	$ 354,258,549	$ 20,236,442

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation are made by the Special Reserve Fund for Capital Outlay Projects with contributions from the Capital Facilities Fund. Payments for capital leases, property and liability, and supplemental early retirement plan are made by the General Fund. Claims liability will be paid by the Internal Service Fund. The compensated absences will be paid by the General Fund, Cafeteria Fund, and Building Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
06/06/02	08/01/26	3.00-5.70%	$ 91,999,603	$ 5,622,263	$ -	$ 325,060	$ -	$ 5,947,323
12/05/03	08/01/28	2.00-5.54%	26,999,352	8,144,199	-	560,069	-	8,704,268
10/11/12	08/01/27	2.50-5.00%	21,225,000	15,865,000	-	-	(1,070,000)	14,795,000
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	43,465,000	-	-	(5,365,000)	38,100,000
04/05/18	08/01/43	3.25-5.00%	83,000,000	83,000,000	-	-	(7,200,000)	75,800,000
11/13/19	08/01/43	3.00-5.00%	102,545,000	-	102,545,000	-	-	102,545,000
				$ 203,141,462	$ 102,545,000	$ 885,129	$ (13,635,000)	$ 292,936,591

2002 General Obligation Bonds, Series A

On June 6, 2002, the District issued $91,999,603 aggregate original principal amount of 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 percent. 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, 2020, the principal balance outstanding (including accreted interest to date) was $5,947,323 and unamortized premium was $577,665.

2003 General Obligation Bonds, Series B

On December 5, 2003, the District issued the $26,999,352 aggregate original principal amount of 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 percent.

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, 2020, the principal balance outstanding (including accreted interest to date) was $8,704,268.

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 percent. Proceeds from the bonds were be used to advance refund the District's outstanding 2003 General Obligation Bonds, Series B current interest bonds, with prepayment occurring August 1, 2013.

As of June 30, 2020, the principal balance outstanding was $14,795,000, and unamortized premium was $980,650.

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 percent. 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, 2020, the principal balance outstanding was $47,045,000 and unamortized premium was $2,319,182.

2015 General Obligation Refunding Bonds

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

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, 2020, the principal balance of $38,100,000 remained outstanding and unamortized premium and deferred charges on refunding were $4,602,661 and $887,796, 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 percent. 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, 2020, the principal balance outstanding was $75,800,000 and unamortized premium was $3,651,723.

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 percent. 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, 2020, the principal balance outstanding was $102,545,000 and unamortized premium was $6,595,454.

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
2021	$ 17,415,000	$ -	$ 11,362,778	$ 28,777,778
2022	9,790,000	-	9,899,013	19,689,013
2023	10,690,000	-	9,387,013	20,077,013
2024	10,555,000	-	8,862,538	19,417,538
2025	11,455,000	-	8,325,962	19,780,962
2026-2030	57,061,591	8,958,409	34,933,471	100,953,471
2031-2035	44,135,000	-	26,738,880	70,873,880
2036-2040	64,205,000	-	17,410,466	81,615,466
2041-2044	67,630,000	-	4,688,338	72,318,338
Total	$ 292,936,591	$ 8,958,409	$ 131,608,459	$ 433,503,459

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 percent, and the certificates of participation mature through September 1, 2041. At June 30, 2020, the principal balance outstanding was $32,400,000 and unamortized premium was $1,661,750.

Debt Service Requirements to Maturity

The certificates of participation mature through 2042 as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 795,000	$ 1,244,281	$ 2,039,281
2022	935,000	1,201,031	2,136,031
2023	1,090,000	1,150,406	2,240,406
2024	1,260,000	1,091,656	2,351,656
2025	1,440,000	1,024,156	2,464,156
2026-2030	10,475,000	3,809,607	14,284,607
2031-2035	9,575,000	1,807,113	11,382,113
2036-2040	5,130,000	661,803	5,791,803
2041-2042	1,700,000	60,725	1,760,725
Total	$ 32,400,000	$ 12,050,778	$ 44,450,778

Capital Lease

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

Balance, July 1, 2019	$ 3,363,331
Payments	(560,791)
Balance, July 1, 2020	$ 2,802,540

The capital lease has minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 442,735
2022	393,301
2023	393,301
2024	393,301
2025	393,301
2026-2027	786,601
Total	2,802,540
Less amount representing interest	(260,631)
Present value of minimum lease payments	$ 2,541,909

Property and Liability

The District has a property and liability program balance of $50,000 at June 30, 2020.

Supplemental Early Retirement Plan (SERP)

During the 2014-2015, 2015-2016, 2016-2017, and 2017-2018 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
2021	$ 1,570,563
2022	1,570,563
Total	$ 3,141,126

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $2,316,573.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, 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	$ 114,263,161	$ 11,118,439	$ 10,034,720	$ 5,981,851
Medicare Premium Payment (MPP) Program	1,836,494	-	-	19,627
Total	$ 116,099,655	$ 11,118,439	$ 10,034,720	$ 6,001,478

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, 2018, valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	617
Active employees	2,585
Total	3,202

Benefits Provided

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

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Anaheim Secondary Teacher Association (ASTA), the local California Service Employees Association (CSEA), Anaheim Professional Guidance Association (APGA), American Federation of State, County, and Municipal Employees (AFSCME), and unrepresented groups. The benefit payments are based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ASTA, CSEA, APGA, AFSCME and the unrepresented groups. For measurement period of June 30, 2020, the District paid $3,077,907 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $114,263,161 was measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2018 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Discount rate	2.45	percent for 2020
Healthcare cost trend rates	5.80	percent for 2020

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

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	$ 103,637,631
Service cost	2,643,573
Interest	3,278,804
Changes of assumptions	7,781,060
Benefit payments	(3,077,907)
Net change in total OPEB liability	10,625,530
Balance, June 30, 2020	$ 114,263,161

Changes of assumptions reflect a change in the discount rate from 3.13 percent to 2.45 percent.

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 (1.45%)	$ 126,830,860
Current discount rate (2.45%)	114,263,161
1% increase (3.45%)	103,016,964

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 (4.80%)	$ 100,570,532
Current healthcare cost trend rate (5.80%)	114,263,161
1% increase (6.80%)	130,563,120

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

For the year ended June 30, 2020, the District recognized OPEB expense of $5,981,851. At June 30, 2020 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	$ -	$ 10,034,720
Changes of assumptions	11,118,439	-
Total	$ 11,118,439	$ 10,034,720

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 59,474
2022	59,474
2023	59,474
2024	59,474
2025	59,474
Thereafter	786,349
Total	$ 1,083,719

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, 2018 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, 2020, the District reported a liability of $1,836,494 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.4932 percent, and 0.4747 percent, resulting in a net increase in the proportionate share of 0.0185 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $19,627.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 (2.50%)	$ 2,004,035
Current discount rate (3.50%)	1,836,494
1% increase (4.50%)	1,682,449

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 (2.70% Part A and 3.10% Part B)	$ 1,721,344
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	1,836,494
1% increase (4.70% Part A and 5.10% Part B)	2,066,503

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 155,000	$ -	$ -	$ 155,000
Stores inventories	579,547	-	263,628	843,175
Total nonspendable	734,547	-	263,628	998,175
Restricted				
Legally restricted programs	9,587,849	-	-	9,587,849
Food service	-	-	5,491,755	5,491,755
Capital projects	-	136,754,529	33,933,519	170,688,048
Debt services	-	-	24,406,552	24,406,552
Total restricted	9,587,849	136,754,529	63,831,826	210,174,204
Assigned				
Classified summer assistance benefits	20,255	-	-	20,255
2017-18 one-time discretionary funds	77,136	-	-	77,136
2019-20 operations - trucks carryover	115,226	-	-	115,226
Marquee and shade structure carryover	331,205	-	-	331,205
2019-20 bus purchase carryover	471,500	-	-	471,500
School site carryover	717,713	-	-	717,713
Potential legal settlement	1,000,000	-	-	1,000,000
Supplemental and concentration carryover	1,846,263	-	-	1,846,263
Additional three percent reserve	12,216,080	-	-	12,216,080
Textbook reserve	16,736,438	-	-	16,736,438
Deferred maintenance	2,282,458	-	-	2,282,458
Total assigned	35,814,274	-	-	35,814,274
Unassigned				
Remaining unassigned	77,705,449	-	-	77,705,449
Total	$ 123,842,119	$ 136,754,529	$ 64,095,454	$ 324,692,102

Note 11 - Risk Management - Claims

Description

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

The District participates in the Southern California Regional Liability Excess Fund for property and liability coverage. Refer to Note 15 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, 2018 to June 30, 2020:

	Workers' Compensation	Health and Welfare	Total
Liability Balance, July 1, 2018	$ 459,816	$ 5,960,627	$ 6,420,443
Claims and changes in estimates	165,776	44,651,167	44,816,943
Claims payments	(128,412)	(44,574,698)	(44,703,110)
Liability Balance, June 30, 2019	497,180	6,037,096	6,534,276
Claims and changes in estimates	62,788	43,384,856	43,447,644
Claims payments	(76,703)	(44,421,952)	(44,498,655)
Liability Balance, June 30, 2020	$ 483,265	$ 5,000,000	$ 5,483,265
Assets available to pay claims at June 30, 2020	$ 639,945	$ 36,584,796	$ 37,224,741

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, 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	$ 251,777,560	$ 70,512,273	$ 35,705,386	$ 27,559,981
CalPERS	132,396,092	29,886,578	4,286,476	20,786,092
Total	$ 384,173,652	$ 100,398,851	$ 39,991,862	$ 48,346,073

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, 2018, 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 percent 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, 2020, 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	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $26,106,643.

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

At June 30, 2020, 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	$ 251,777,560
State's proportionate share of the net pension liability	137,361,468
Total	$ 389,139,028

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.2788 percent and 0.2645 percent, resulting in a net increase in the proportionate share of 0.0143 percent.

For the year ended June 30, 2020, the District recognized pension expense of $27,559,981. In addition, the District recognized pension expense and revenue of $20,456,085 for support provided by the State. At June 30, 2020, 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	$ 26,106,643	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	11,925,667	18,912,038
Differences between projected and actual earnings on pension plan investments	-	9,698,549
Differences between expected and actual experience in the measurement of the total pension liability	635,605	7,094,799
Changes of assumptions	31,844,358	-
Total	$ 70,512,273	$ 35,705,386

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (978,265)
2022	(7,699,507)
2023	(1,598,537)
2024	577,760
Total	$ (9,698,549)

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
2021	$ 3,820,380
2022	3,820,380
2023	3,568,168
2024	6,329,235
2025	(132,246)
Thereafter	992,876
Total	$ 18,398,793

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 374,917,628
Current discount rate (7.10%)	251,777,560
1% increase (8.10%)	149,670,993

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, 2018 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, 2020, 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	19.721%	19.721%

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 the 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, 2020, are presented above and the total District contributions were $13,009,914.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $132,396,092. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.4543 percent and 0.4487 percent, resulting in a net increase in the proportionate share of 0.0056 percent.

For the year ended June 30, 2020, the District recognized pension expense of $20,786,092. At June 30, 2020, 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	$ 13,009,914	$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	956,929	3,058,477
Differences between projected and actual earnings on pension plan investments	-	1,227,999
Differences between expected and actual experience in the measurement of the total pension liability	9,617,270	-
Changes of assumptions	6,302,465	-
Total	$ 29,886,578	$ 4,286,476

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,212,170
2022	(2,421,272)
2023	(366,913)
2024	348,016
Total	$ (1,227,999)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 8,405,628
2022	3,368,156
2023	1,858,548
2024	185,855
Total	$ 13,818,187

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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 percent 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 percent. 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%)	$ 190,840,261
Current discount rate (7.15%)	132,396,092
1% increase (8.15%)	83,912,617

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 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent 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 $14,347,843 (10.328 percent 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $4,812,750 has been recorded in these financial statements.

Note 13 - Commitments and Contingencies

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects.

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Kennedy High School - Relocatable Buildings Project	$ 45,949	July 2020
Various Sites - Prop 39 HVAC/EMS Design-Build Services	1,022,353	October 2020
District Office - Electric Bus Charging Station Expansion	154,308	October 2020
Dale Junior High School/Polaris - New Construction & Modernization	23,803,980	March 2021
Total	$ 25,026,590	

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, 2020.

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, 2020.

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

The District is a member of the North Orange County Regional Occupational Program (NOCROP) and the Southern California Regional Liability Excess Fund (SCRLEF) public entity risk pools. The District pays an annual premium to each entity for its health and property/liability coverage, and education services. 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 and SCRLEF.

During the year-ended June 30, 2020, the District made payments of $8,187,039 and $2,211,440 to NOCROP and SCRLEF, respectively, for services rendered and pass-through funds.

Note 15 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District’s financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Anaheim Union High School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$331,039,095	$332,700,344	$ 332,700,420	$ 76
Federal sources	21,911,580	21,944,813	17,266,512	(4,678,301)
Other State sources	43,934,289	53,487,941	52,786,653	(701,288)
Other local sources	11,088,384	13,206,000	13,962,636	756,636
Total revenues [1]	407,973,348	421,339,098	416,716,221	(4,622,877)
Expenditures				
Current				
Certificated salaries	158,695,986	157,502,324	157,078,817	423,507
Classified salaries	59,930,140	61,765,166	61,503,564	261,602
Employee benefits	124,551,774	123,570,270	123,226,231	344,039
Books and supplies	24,644,285	16,518,081	12,003,293	4,514,788
Services and operating expenditures	34,277,533	29,580,185	28,160,177	1,420,008
Other outgo	10,344,721	10,153,043	13,655,461	(3,502,418)
Capital outlay	11,749,893	13,655,460	15,045,117	(1,389,657)
Total expenditures [1]	424,194,332	412,744,529	410,672,660	2,071,869
Excess (Deficiency) of Revenues Over Expenditures	(16,220,984)	8,594,569	6,043,561	(2,551,008)
Other Financing Uses				
Transfers out	(1,500,000)	(1,680,375)	(180,375)	1,500,000
Net Change in Fund Balances	(17,720,984)	6,914,194	5,863,186	(1,051,008)
Fund Balance - Beginning	117,978,933	117,978,933	117,978,933	-
Fund Balance - Ending	$ 100,257,949	$ 124,893,127	$ 123,842,119	$ (1,051,008)

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, are not included in the original and final General Fund budgets.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 2,643,573	$ 2,408,818	$ 2,659,508
Interest	3,278,804	3,417,335	3,773,411
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(13,324,792)	-
Changes of assumptions	7,781,060	5,752,014	-
Benefit payments	(3,077,907)	(3,786,266)	(2,974,091)
Net change in total OPEB liability	10,625,530	(5,532,891)	3,458,828
Total OPEB Liability - Beginning	103,637,631	109,170,522	105,711,694
Total OPEB Liability - Ending	$114,263,161	$103,637,631	$109,170,522
Covered Payroll	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]
Measurement Date	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,	2020	2019	2018
Proportion of the net OPEB liability	0.4932%	0.4747%	0.4962%
Proportionate share of the net OPEB liability	$ 1,836,494	$ 1,816,867	$ 2,087,528
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability (asset)	0.2788%	0.2645%	0.2741%	0.2893%	0.3109%	0.3034%
Proportionate share of the net pension liability (asset)	$ 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 (asset)	137,361,468	139,157,502	149,947,918	133,190,479	110,687,564	107,054,481
Total	$ 389,139,028	$ 382,207,520	$ 403,413,196	$ 367,152,631	$ 319,970,427	$ 284,343,031
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	165.83%	170.22%	172.70%	150.89%	148.50%	129.99%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	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 (asset)	0.4543%	0.4487%	0.4720%	0.4928%	0.4998%	0.5010%
Proportionate share of the net pension liability (asset)	$ 132,396,092	$ 119,650,838	$ 112,690,488	$ 97,336,612	$ 73,663,959	$ 56,879,614
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	209.54%	216.75%	186.12%	161.26%	135.02%	108.70%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 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	26,106,643	24,717,866	20,604,407	18,463,136	16,637,582	12,514,432
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$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	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 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	13,009,914	11,412,402	8,573,364	8,408,804	7,150,824	6,422,048
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

Schedule of Changes in the District's 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 3.13 percent in 2019 to 2.45 percent in 2020.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Anaheim Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 7,744,290
School Improvement Funding for LEAs	84.010	15438	281,462
Subtotal			8,025,752
Title III, Immigrant Student Program	84.365	15146	53,117
Title III, English Learner Student Program	84.365	14346	583,234
Subtotal			636,351
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	364,692
Title IV, Part A, Student Support and Academic Enrichment Grant Program (Competitive)	84.424	15391	333,791
Subtotal			698,483
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,015,102
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	625,578
Passed Through Greater Anaheim SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,334,359
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	11,389
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	335,381
Total Special Education (IDEA) Cluster			5,681,129
Passed through California Department of Rehabilitation			
State Vocational Rehabilitation Services Program	84.126A	30103	58,305
Passed through Napa County Office of Education			
Cali-Reads	84.323A	[1]	13,826
Passed through California State University Fullerton (CSUF)			
California State Gear Up Program	84.334A	[1]	57,694
Total U.S. Department of Education			16,812,220

[1] Pass-Through Entity Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through CSUF Auxiliary Services Corporation			
Health Careers Opportunity Program	93.822	S-6874-AUHSD	$ 19,795
Total U.S. Department of Health and Human Services			19,795
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	11,639,731
Especially Needy Breakfast Program	10.553	13526	3,521,611
Meal Supplements	10.555	13755	385,673
Commodities	10.555	13396	1,599,025
Total Child Nutrition Cluster			17,146,040
Total U.S. Department of Agriculture			17,146,040
U.S. Department of Defense			
Passed Through Orange County Department of Education			
Junior Reserve Officers Training Corps - Army	12.000	[1]	347,088
Junior Reserve Officers Training Corps - Navy	12.000	JROTC162S	87,409
Total U.S. Department of Defense			434,497
Total Expenditures of Federal Awards			$ 34,412,552

[1] Pass-Through Entity Number not available.

Organization

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

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Annemarie Randle-Trejo	President	2022
Katherine H. Smith	Clerk	2020
Anna L Piercy	Assistant Clerk	2022
Al Jabbar	Member	2022
Brian O'Neal	Member	2020

Administration

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

	Final Report	
	Second Period Report 86D86468	Annual Report 2669E0EF
Regular ADA		
Seventh and eighth	9,377.60	9,377.60
Ninth through twelfth	18,950.73	18,950.73
Total Regular ADA	28,328.33	28,328.33
Extended Year Special Education		
Seventh and eighth	5.11	5.11
Ninth through twelfth	21.65	21.65
Total Extended Year Special Education	26.76	26.76
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	8.02	8.02
Ninth through twelfth	21.07	21.07
Total Special Education, Nonpublic, Nonsectarian Schools	29.09	29.09
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.50	0.50
Ninth through twelfth	1.69	1.69
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.19	2.19
Total ADA	28,386.37	28,386.37

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 7 - 8	54,000				
Grade 7		61,540	180	N/A	Complied
Grade 8		61,540	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,184	180	N/A	Complied
Grade 10		65,184	180	N/A	Complied
Grade 11		65,184	180	N/A	Complied
Grade 12		65,184	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 373,461,501	$ 416,651,019	$ 422,122,970	$ 376,199,865
Other sources	-	-	-	3,261,087
Total revenues and other sources	373,461,501	416,651,019	422,122,970	379,460,952
Expenditures	396,780,697	405,518,941	399,093,065	357,400,604
Other uses and transfers out	1,500,000	1,680,375	1,500,000	1,500,000
Total expenditures and other uses	398,280,697	407,199,316	400,593,065	358,900,604
Increase/(Decrease) in Fund Balance	(24,819,196)	9,451,703	21,529,905	20,560,348
Ending Fund Balance	$ 96,740,465	$ 121,559,661	$ 112,107,958	$ 90,578,053
Available Reserves [2]	$ 48,782,734	$ 77,705,449	$ 59,406,491	$ 39,901,027
Available Reserves as a Percentage of Total Outgo	12.25%	19.08%	14.83%	11.12%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 854,531,856	$ 731,231,539	$ 756,230,073
K-12 Average Daily Attendance at P-2	27,710	28,386	28,854	29,252

The General Fund balance has increased by $30,981,608 over the past two years; however, the fiscal year 2020-2021 budget projects a decrease of $24,819,196 (20.4 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term obligations have increased by $98,609,783 over the past two years.

Average daily attendance has decreased by 866 over the past two years. An additional decrease of 676 ADA is anticipated during fiscal year 2020-2021.

1 Budget 2021 is included for analytical purposes only and has not been subjected to audit.

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

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

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 4,995,102	$ 16,947,237	$ 134,204	$ 15,951,475	$ 24,356,603	$ 62,384,621
Receivables	1,758,843	17,256	612	17,398	49,949	1,844,058
Due from other funds	-	1,610,874	60,802	165,647	-	1,837,323
Stores inventories	263,628	-	-	-	-	263,628
Total assets	$ 7,017,573	$ 18,575,367	$ 195,618	$ 16,134,520	$ 24,406,552	$ 66,329,630
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 296,000	$ 101,112	$ 3,028	$ 702,175	$ -	$ 1,102,315
Due to other funds	785,404	24	165,647	-	-	951,075
Unearned revenue	180,786	-	-	-	-	180,786
Total liabilities	1,262,190	101,136	168,675	702,175	-	2,234,176
Fund Balances						
Nonspendable	263,628	-	-	-	-	263,628
Restricted	5,491,755	18,474,231	26,943	15,432,345	24,406,552	63,831,826
Total fund balances	5,755,383	18,474,231	26,943	15,432,345	24,406,552	64,095,454
Total liabilities and fund balances	$ 7,017,573	$ 18,575,367	$ 195,618	$ 16,134,520	$ 24,406,552	$ 66,329,630

See Notes to Supplementary Information

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ 17,146,040	$ -	$ -	$ -	$ -	$ 17,146,040
Other State sources	1,214,601	-	2,531,712	-	101,797	3,848,110
Other local sources	1,915,416	5,410,359	19,557	404,145	19,675,774	27,425,251
Total revenues	20,276,057	5,410,359	2,551,269	404,145	19,777,571	48,419,401
Expenditures						
Current						
Pupil services						
Food services	22,318,983	-	-	-	-	22,318,983
Administration						
All other administration	-	21,516	-	-	-	21,516
Plant services	271,213	-	-	-	-	271,213
Facility acquisition and construction	148,521	3,846,574	3,834,786	6,621,157	-	14,451,038
Debt service						
Principal	-	-	-	660,000	13,635,000	14,295,000
Interest and other	-	-	-	1,279,142	7,738,588	9,017,730
Total expenditures	22,738,717	3,868,090	3,834,786	8,560,299	21,373,588	60,375,480
Excess (Deficiency) of Revenues Over Expenditures	(2,462,660)	1,542,269	(1,283,517)	(8,156,154)	(1,596,017)	(11,956,079)
Other Financing Sources (Uses)						
Transfers in	-	-	-	2,231,188	-	2,231,188
Other sources - premium from issuance of general obligation bonds	-	-	-	-	6,783,895	6,783,895
Transfers out	-	(2,050,813)	-	-	-	(2,050,813)
Net Financing Sources (Uses)	-	(2,050,813)	-	2,231,188	6,783,895	6,964,270
Net Change in Fund Balances	(2,462,660)	(508,544)	(1,283,517)	(5,924,966)	5,187,878	(4,991,809)
Fund Balance - Beginning	8,218,043	18,982,775	1,310,460	21,357,311	19,218,674	69,087,263
Fund Balance - Ending	$ 5,755,383	$ 18,474,231	$ 26,943	$ 15,432,345	$ 24,406,552	$ 64,095,454

Note 1 - 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, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Anaheim Union High School District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance), or cash flows (if applicable) (A) of Anaheim Union High School District.

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

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

Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, 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 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 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 44 days due to the pandemic. As a result, the District received credit for these 44 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Closure Certification were included in the Actual Minutes column, but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2020

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 Board of Directors
Anaheim Union High School District
Anaheim, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anaheim Union High School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Anaheim Union High School District's basic financial statements and have issued our report thereon dated February 23, 2021.

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

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

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

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

We noted certain matters that we reported to management of Anaheim Union High School District in a separate letter dated February 23, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
Anaheim Union High School District
Anaheim, California

Report on Compliance for Each Major Federal Program

We have audited Anaheim Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Anaheim Union High School District's major federal programs for the year ended June 30, 2020. Anaheim Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Anaheim Union High School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
Anaheim Union High School District
Anaheim, California

Report on State Compliance

We have audited Anaheim Union High School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K 12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
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, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
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:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District is a high school district and does not offer kindergarten classes; therefore, we did not perform procedures related to the kindergarten continuance.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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 any procedures related to Juvenile Court Schools.

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

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

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

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

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

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

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

Unmodified Opinion
In our opinion, Anaheim Union High School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 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
February 23, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

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:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
School Improvement Funding for LEAs	84.010
Special Education (IDEA) Cluster	84.027 and 84.027A

Dollar threshold used to distinguish between type A and type B programs:	$1,032,377
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified

None reported.

None reported.

None reported.

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

2019-001 40000

Criteria or Specific Requirements

California Education Code Section 8483(a)(1) states that every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program.

Condition

The District has gathered monthly summaries of student attendance for submission to the State in order to meet the semi-annual reporting requirement. However, in reviewing Ball Junior High School's summary total for the date range October 1, 2018 through October 5, 2018 and in comparing the total to the site's attendance rosters, it was noted that the summary totals differ significantly. Ball Junior High School's attendance rosters had a total of 326 students served whereas the total of the summary are 389 students served, resulting in 63 exceptions. Exceptions consisted of 63 students who were released before 6PM on a daily basis without documentation of early release.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, there were 63 of 389 students served during the date range October 1, 2018 through October 5, 2018 for which the attendance rosters did not confirm to the District's early release policy.

Context

The condition identified resulted from our review of Ball Junior High School's attendance records and attendance summary totals for the date range October 1, 2018 through October 5, 2018. The auditor selected one of six schools for the first semi-annual reporting period dated July to December 2018. The auditor also noted that for the date range October 1, 2018 through October 5, 2018, Ball Junior High School's did not have early release documented for students that were being released before 6PM on a daily basis.

Effect

As a result of the conditions identified, the District was not compliant with *Education Code* Section 8483(a)(1) for the 2018-2019 fiscal year for Ball Junior High School because the report submitted to the State reflects inaccurate attendance information.

Cause

It appears that the condition identified has materialized as a result of the site utilizing the number of students attended for a particular day rather than recounting the rosters to ensure the site deduct those students who are not in compliance with the established early release policy. The site did not have early release reason documented on the rosters for those students who were consistently released early from the ASES program.

Recommendation

The District should inform the site regarding their early release policy including the importance of having an early release reason documented on the rosters for students who are continually released early. Also prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to the attendance summaries. An individual from the District should review and re-compute monthly attendance numbers per school site in order to verify that accurate information is being sent to the State for reporting.

Current Status

Implemented.

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, 2020, 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 February 23, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Ball Junior High School

Observations

1. Based on the review of the disbursement procedures, it was noted that five of six 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.
2. Revenue potential forms are not consistently being completed for fundraising events and/or fundraising events are not being approved prior to the event taking place. Through testing, it was noted that some revenue potential forms used for fundraising events were not completed with respect to anticipated and/or actual income and expense. As a result, expected versus actual results cannot be measured to determine whether or not the fundraiser was successful, or any losses have occurred.

Recommendations

1. 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.

2. Review and approving the fundraising events is an important control activity to prevent any potential unacceptable ASB activity. All fundraising events should be approved by either the ASB student council or site administrator(s) prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting. A third-party review of completed revenue potential forms would ensure that the ASB are adequately monitoring the profitability and accountability of their fundraising events. Moreover, by documenting the revenues from each fundraising event and reconciling the amount of actual cash collected provides a method to verify that all revenues are deposited intact.

<u>Lexington Junior High School</u>

Observations

1. Based on the review of the cash receipting procedures, it was noted that four of five deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 13 to 17 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. Cash remitted to the ASB bookkeeper is lacking supporting documents. It appears that all cash remitted by clubs/advisors are only accompanied by the ASB "Cash Turn In Sheet", which only indicates the currency denominations included in the deposit. No additional records appear to be remitted to the ASB bookkeeper to substantiate the completeness of the cash.
3. Based on the review of the disbursement procedures, it was noted that seven of eight 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.
4. A master ticket log is not being used by the sites to account for all tickets on hand and used during the year.
5. A ticket sales recap form is not prepared and submitted with the remaining ticket roll and cash collections to the bookkeeper.

Recommendations

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. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

3. 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.
4. A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site because these tickets could be presented for admission rather than an individual paying for admission. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.
3. A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.

<u>Anaheim High School</u>

Observations

1. Based on the review of the cash receipting procedures, it was noted that one of 19 deposits tested were not deposited in a timely manner. Funds were deposited 14 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 two of 50 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 27 of 50 disbursements were made without explicit receiving documentation for goods being ordered.
4. Revenue potential forms are not consistently being completed for fundraising events and/or fundraising events are not being approved prior to the event taking place. Through testing, it was noted that some revenue potential forms used for fundraising events were not completed with respect to anticipated and/or actual income and expense. As a result, expected versus actual results cannot be measured to determine whether or not the fundraiser was successful, or any losses have occurred.
5. Three of five ticket sales report forms tested were incomplete. The forms did not have an explanation of why there was an overage or a shortage.

Recommendations

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.
4. Review and approving the fundraising events is an important control activity to prevent any potential unacceptable ASB activity. All fundraising events should be approved by either the ASB student council or site administrator(s) prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting. A third-party review of completed revenue potential forms would ensure that the ASB are adequately monitoring the profitability and accountability of their fundraising events. Moreover, by documenting the revenues from each fundraising event and reconciling the amount of actual cash collected provides a method to verify that all revenues are deposited intact.
5. All ticket sales report form must be completely filled out at the end of each event. The form is important because it shows whether or not all the monies that should have been raised and turned in actually were based on the price of the ticket and number sold. The form is also used to document overages and shortages. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the event.

<u>Magnolia High School</u>

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of 33 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 13 to 27 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 two of 55 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 18 of 55 disbursements were made without explicit receiving documentation for goods being ordered.
4. Revenue potential forms are not consistently being completed for fundraising events. Through testing, it was noted that some revenue potential forms used for fundraising events were not completed with respect to anticipated and/or actual income and expense. As a result, expected versus actual results cannot be measured to determine whether or not the fundraiser was successful, or any losses have occurred.

Recommendations

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.
4. Review and approving the fundraising events is an important control activity to prevent any potential unacceptable ASB activity. All fundraising events should be approved by either the ASB student council or site administrator(s) prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting. A third-party review of completed revenue potential forms would ensure that the ASB are adequately monitoring the profitability and accountability of their fundraising events. Moreover, by documenting the revenues from each fundraising event and reconciling the amount of actual cash collected provides a method to verify that all revenues are deposited intact.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2021