

# Central Union High School District

County of Imperial  
El Centro, California

Audit Report

June 30, 2022



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# Central Union High School District

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June 30, 2022

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## Independent Auditor's Report

To the Board of Education  
Central Union High School District

### Opinions

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

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

### Basis for Opinions

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

### Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wilkinson-Hadley King + Co LLP*

El Cajon, California

January 13, 2023

**CENTRAL UNION HIGH SCHOOL DISTRICT**  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2022  
(Unaudited)

The discussion and analysis of Central Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

**FINANCIAL HIGHLIGHTS**

- The increase in Local Control Funding Formula (LCFF) sources from 2020-21 to 2021-22 was \$3,682,676 which represents a 7.4% increase over the prior year. Increases are attributed to increasing LCFF funding.
- General Fund revenues and other sources exceeded expenditures and other uses by \$1,708,986.
- The District implemented GASB Statement 87 during the current fiscal year resulting in adjustments to beginning fund balance and net position. See note disclosures for more information.

**Overview of the Financial Statements**

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Central Union High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**The Basic Financial Statements**

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

## **Reporting the School District as a Whole**

### *Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2021-2022?"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

## **Reporting the School District's Most Significant Funds**

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Special Reserve Fund for Capital Outlay Projects. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

### *Fiduciary Funds*

The District is the trustee, or fiduciary, for the student activities funds. All of the District's fiduciary activities are reported in separate 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.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *The School District as a Whole*

The District's net position was \$43.2 million at June 30, 2022. Of this amount, unrestricted net position was (\$36.2) million, net investment in capital assets was \$61.3 million, and restricted net position was \$18.1 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$.6.1 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 78% of total expenses. The administrative activities of the District accounted for just 7% of total costs. The remaining 15% was spent in the areas of plant services and other expenses. (See Figure 2)

**(Table 1)**  
**Comparative Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Assets</b>		
Cash	\$ 40,313,239	\$ 43,745,758
Accounts receivable	3,794,080	8,874,935
Inventory	117,084	91,748
Prepaid expenses	-	25,685
Lease Receivable	60,628	-
Capital assets, net	90,636,543	95,141,438
Lease assets, net	2,226,751	-
Total Assets	<u>\$ 137,148,325</u>	<u>\$ 147,879,564</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources - pensions	\$ 13,230,034	\$ 12,412,133
Deferred outflows of resources - OPEB	2,520,045	1,851,743
Deferred outflows of resources - other	202,667	253,720
Total Deferred Outflows of Resources	<u>\$ 15,952,746</u>	<u>\$ 14,517,596</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	2,514,778	6,329,569
Unearned revenue	3,431,706	2,243,181
Long-term liabilities	79,071,816	98,258,058
Total Liabilities	<u>85,018,300</u>	<u>106,830,808</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - pensions	\$ 24,551,325	\$ 4,717,444
Deferred inflows of resources - OPEB	257,379	309,320
Deferred inflows of resources - other	56,606	-
Total Deferred Inflows of Resources	<u>\$ 24,865,310</u>	<u>\$ 5,026,764</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 61,283,564	\$ 63,821,837
Restricted	18,105,869	23,573,904
Unrestricted	(36,171,972)	(36,856,153)
Total Net Position	<u>\$ 43,217,461</u>	<u>\$ 50,539,588</u>

The District implemented GASB Statement No 87 in the 2021-22 fiscal year, as a result the two years presented are not comparable for items consistent with the requirements of GASB Statement No. 87.

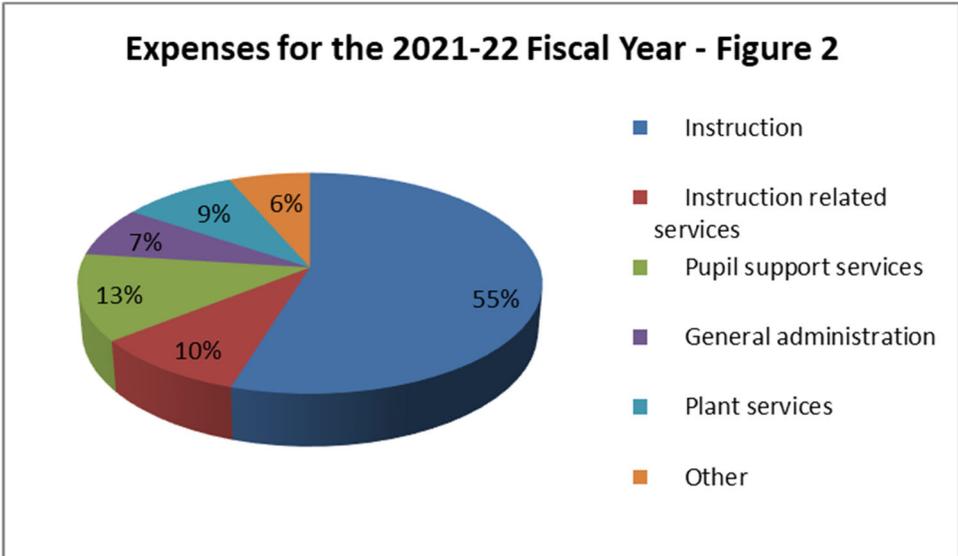
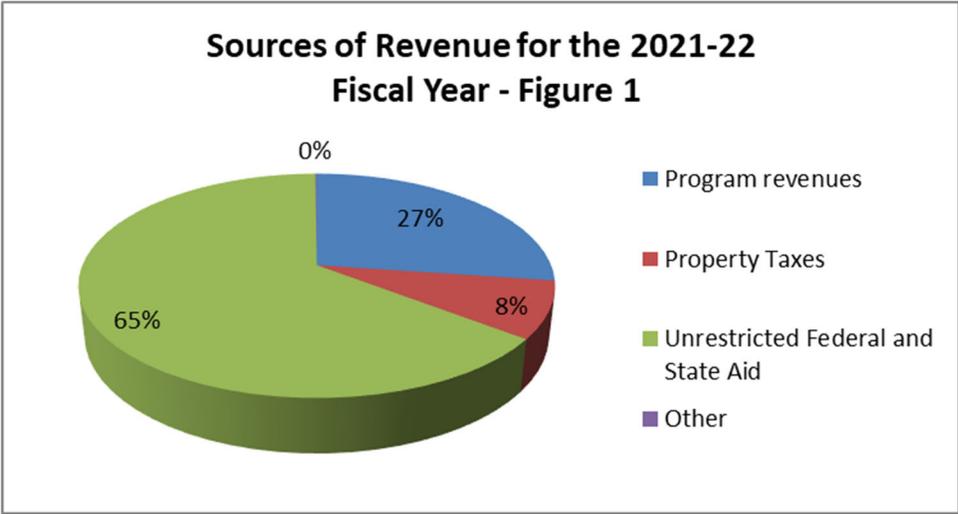
**(Table 2)**  
**Comparative Statement of Change in Net Position**

	<b>Governmental Activities</b>	
	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,141,023	\$ 825,150
Operating grants and contributions	17,846,322	23,398,258
Capital grants and contributions	1,741,353	3,564,533
General revenues		
Taxes levied for general purposes	5,346,113	5,223,762
Taxes levied for debt service	901,184	1,926,054
Taxes levied for other specific purposes	-	-
Federal and state aid not restricted to specific purposes	49,140,906	44,613,732
Interest and investment earnings	(782,750)	621,351
Interagency Revenues	-	-
Miscellaneous	697,702	-
Total Revenues	<u>76,031,853</u>	<u>80,172,840</u>
<b>Expenses</b>		
Instruction	38,299,523	37,759,632
Instruction related services	6,677,615	7,411,965
Pupil support services	8,852,757	8,344,279
General administration	5,132,452	5,156,272
Plant services	6,401,753	5,677,651
Other	4,540,041	3,516,705
Total Expenses	<u>69,904,141</u>	<u>67,866,504</u>
Increase (Decrease) in Net Position	6,127,712	12,306,336
Net Position - Beginning Balance	50,539,588	37,522,677
Adjustment to Beginning Balance**	(13,449,839)	710,575
Net Position - Ending Balance	<u>\$ 43,217,461</u>	<u>\$ 50,539,588</u>

The District implemented GASB Statement No 87 in the 2021-22 fiscal year, as a result the two years presented are not comparable for items consistent with the requirements of GASB Statement No. 87.

#### **GOVERNMENTAL ACTIVITIES**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$69.9 million. The amount that our local taxpayers financed for these activities through property taxes was \$6.2 million. Federal and State aid not restricted to specific purposes totaled \$49.1million. Operating grants and contributions revenue was \$17.8 (See Figure 1).



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources. The District’s Governmental Funds reported a combined fund balance of \$38.7 million, a decrease of \$5.9 million from the previous fiscal year’s combined ending balance of \$44.6 million.

## General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$3.7 million.

The District ended the year with a \$0.9 million increase to the general fund ending balance. The State recommends available reserves of 3% of District expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets and Lease Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)  
Comparative Schedule of Capital Assets and Lease Assets  
(net of depreciation and amortization)  
June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 8,163,554	\$ 8,163,554	\$ 0	0.0%
Work in Progress	38,482,637	28,043,009	10,439,628	37.2%
Land Improvements	596,308	2,129,940	(1,533,632)	-72.0%
Buildings & Improvements	38,575,139	50,599,804	(12,024,665)	-23.8%
Equipment	4,818,905	6,180,131	(1,361,226)	-22.0%
Lease assets	2,226,751	-	2,226,751	N/A
Total	<u>\$ 92,863,294</u>	<u>\$ 95,116,438</u>	<u>\$ (2,253,144)</u>	<u>-2.4%</u>

The District implemented GASB Statement No 87 in the 2021-22 fiscal year, as a result the two years presented are not comparable for items consistent with the requirements of GASB Statement No. 87.

## Long-Term Debt and Long Term Obligations

At June 30, 2022 the District had \$79 million in long-term debt and other long term obligations outstanding. Table 4 shows a comparative schedule of long-term debt and long term obligation items.

**(Table 4)**  
**Comparative Schedule of Outstanding Debt and Long-Term Obligations**  
**June 30, 2022 and 2021**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 30,503,020	\$ 31,319,597	\$ (816,577)	-2.6%
Leases Payable	2,613,265	-	2,613,265	N/A
Total OPEB Liability	15,266,404	13,187,704	2,078,700	15.8%
Net Pension Liability	30,577,689	53,573,179	(22,995,490)	-42.9%
Compensated Absences	<u>111,438</u>	<u>177,574</u>	<u>(66,136)</u>	<u>-37.2%</u>
 Total Long-Term Debt	 <u>\$ 79,071,816</u>	 <u>\$ 98,258,054</u>	 <u>\$ (19,186,238)</u>	 <u>-19.5%</u>

The District implemented GASB Statement No 87 in the 2021-22 fiscal year, as a result the two years presented are not comparable for items consistent with the requirements of GASB Statement No. 87.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturns and surpluses impact the District's fiscal future dramatically. The financial well-being of the District is tied in large measure to the state's funding formula called the Local Control Funding Formula (LCFF).

The latest enrollment projections indicate that the District will have a slightly lower enrollment over the next two school years. Student enrollment and attendance are the primary factors in the computation of most funding formulae for public schools in the State of California. While actual Average Daily Attendance (ADA) is not budgeted until it is realized in the Spring at P-2 period, potential future growth is possible if attendance barriers are controlled and the District focuses on improving student attendance. The District's student attendance remains the focal point of every budget report.

To address the impact of COVID-19 on ADA, the State approved Senate Bill 117 that established a "hold harmless" provision in which the State used P-2 ADA from 2019-20 (for the District this is 3,999.79 ADA) and rolled this ADA figure forward to provide State Revenues in 2020-21 and 2021-22. The District's LCFF accounts for **98%** of the total Unrestricted General Fund dollars.

Given this "hold harmless" on ADA, the District still generated attendance records in order to meet State compulsory attendance requirements. Also, attendance accounting was necessary to account for student engagement in instruction.

The Central Union High School District is no longer providing instruction using a distance learning model. Almost all students are receiving instruction in-person and in the classroom.

Due to the pandemic, the District did establish an Independent Study program that is still available today to students and families who do not wish to attend in person with the larger population.

In order to stabilize the economy, the Federal Government approved the Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. Federal funds were provided to States to hedge the impact of COVID-19 on staff, assistance with costs of purchasing Personal Protective Equipment (PPE), disinfectant supplies, other measures to fight the spread of the Coronavirus and to provide funding to mitigate student learning loss. The District received approximately \$21 million in total from all of the Federal Acts.

The Central Union High School District Board of Trustees has prioritized the modernization and capital improvements of its facilities. Annually, the Board approves by resolution a Facility Improvement Plan/On-going Major Maintenance Plan to address facility needs. The District spent over \$2.5 million and \$1.5 million in 2019-20 and 2020-21, respectfully. The District spent approximately \$2.1 million in 2021-22 and is anticipating spending \$4 million in 2022-23.

The District's community approved the Measure K General Obligation Bond for \$30 million which was used to construct the new Science, Technology, Engineering and Math (STEM) Building at Central Union High School. The new State-of-the-Art facility, now completed, will bring much needed opportunities to the students of the Central Union High School District. It is also anticipated to draw students into the District who wish to participate in cutting-edge technology and engineering.

Although the COVID-19 pandemic greatly affected student learning and has brought many issues surrounding in-person learning, the District's team will meet the needs of our students by utilizing the funds necessary to overcome learning loss and enhance opportunities for generations to come.

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

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact the business office, at Central Union High School District, 351 W Ross Ave, El Centro, California 92243.

## Basic Financial Statements

# Central Union High School District

## Statement of Net Position

June 30, 2022

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 40,313,239
Accounts Receivable	3,794,080
Inventory	117,084
Lease Receivable	60,628
Capital Assets:	
Land	8,163,554
Land Improvements	5,761,238
Buildings & Improvements	78,798,197
Equipment	14,273,811
Work In Progress	38,482,637
Less Accumulated Depreciation	(54,842,894)
Lease Assets	3,072,253
Less Accumulated Amortization	(845,502)
Total Assets	<u>137,148,325</u>
<b>Deferred Outflows of Resources</b>	<u>15,952,746</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	2,514,778
Unearned Revenue	3,431,706
Long-Term Liabilities:	
Due Within One Year	582,626
Due In More Than One Year	78,489,190
Total Liabilities	<u>85,018,300</u>
<b>Deferred Inflows of Resources</b>	<u>24,865,310</u>
<b>Net Position</b>	
Net Investment in Capital Assets	61,283,564
Restricted For:	
Capital Projects	7,500,484
Debt Service	2,327,684
Educational Programs	3,985,996
Other Purposes (Expendable)	4,099,621
Other Purposes (Nonexpendable)	192,084
Unrestricted	(36,171,972)
Total Net Position	<u>\$ 43,217,461</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

## Statement of Activities

For the Year Ended June 30, 2022

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 38,299,523	\$ 791,006	\$ 7,847,678	\$ 1,741,353	\$ (27,919,486)
Instruction-Related Services:					
Instructional Supervision and Administration	1,980,703	-	299,749	-	(1,680,954)
Instructional Library, Media and Technology	417,389	-	139,556	-	(277,833)
School Site Administration	4,279,523	358	953,695	-	(3,325,470)
Pupil Services:					
Home-to-School Transportation	1,671,563	-	-	-	(1,671,563)
Food Services	3,606,149	-	4,009,770	-	403,621
All Other Pupil Services	3,575,045	-	447,281	-	(3,127,764)
General Administration:					
Centralized Data Processing	1,417,426	-	4,141	-	(1,413,285)
All Other General Administration	3,715,026	24,293	1,021,649	-	(2,669,084)
Plant Services	6,401,753	324,959	1,837,580	-	(4,239,214)
Ancillary Services	2,365,713	-	1,285,152	-	(1,080,561)
Community Services	369,748	-	-	-	(369,748)
Interest on Long-Term Debt	1,157,164	-	-	-	(1,157,164)
Outher Outgo	647,416	407	71	-	(646,938)
Total Governmental Activities	<u>\$ 69,904,141</u>	<u>\$ 1,141,023</u>	<u>\$ 17,846,322</u>	<u>\$ 1,741,353</u>	<u>(49,175,443)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					
				\$ 5,346,113	
Property Taxes, Levied for Debt Service					
				901,184	
Federal and State Aid Not Restricted for Specific Purposes					
				49,140,906	
Interest and Investment Earnings					
				(782,750)	
Miscellaneous					
				697,702	
Total General Revenues					
				<u>55,303,155</u>	
Change in Net Position					
					6,127,712
Net Position - Beginning of Year, As Restated (See Note S)					
					37,089,749
Net Position - Ending					
					<u>\$ 43,217,461</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

## Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 25,264,072	\$ 6,398,584	\$ 8,650,583	\$ 40,313,239
Accounts Receivable	3,289,916	7,136	497,028	3,794,080
Due from Other Funds	156,587	-	45,451	202,038
Stores Inventories	53,224	-	63,860	117,084
Leases Receivable	60,628	-	-	60,628
<b>Total Assets</b>	<b>\$ 28,824,427</b>	<b>\$ 6,405,720</b>	<b>\$ 9,256,922</b>	<b>\$ 44,487,069</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 1,780,218	\$ 11,686	\$ 260,197	\$ 2,052,101
Due to Other Funds	192,458	-	9,580	202,038
Unearned Revenue	3,431,706	-	-	3,431,706
<b>Total Liabilities</b>	<b>5,404,382</b>	<b>11,686</b>	<b>269,777</b>	<b>5,685,845</b>
Deferred Inflows of Resources:				
Deferred Rent Income	56,606	-	-	56,606
Fund Balance:				
Nonspendable	128,224	-	63,860	192,084
Restricted	5,384,327	3,606,173	8,923,285	17,913,785
Committed Fund Balance	5,868,119	-	-	5,868,119
Assigned	5,363,064	2,787,861	-	8,150,925
Unassigned	6,619,705	-	-	6,619,705
<b>Total Fund Balance</b>	<b>23,363,439</b>	<b>6,394,034</b>	<b>8,987,145</b>	<b>38,744,618</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 28,824,427</b>	<b>\$ 6,405,720</b>	<b>\$ 9,256,922</b>	<b>\$ 44,487,069</b>

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

**Total fund balances governmental funds:** \$ 38,744,618

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

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

Capital assets relating to governmental activities, at historical cost	145,479,437	
Accumulated depreciation	(54,842,894)	
	Net	90,636,543
Lease assets relating to governmental activities, at historical cost	3,072,253	
Accumulated amortization	(845,502)	
	Net	2,226,751

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was: (462,677)

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

General obligation bonds payable	30,503,020	
Leases payable	2,613,265	
Total OPEB liability	15,266,404	
Net pension liability	30,577,689	
Compensated absences	111,438	
	Total	(79,071,816)

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 202,667

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued  
June 30, 2022

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

Deferred outflows of resources relating to pensions	13,230,034	
Deferred inflows of resources relating to pensions	<u>(24,551,325)</u>	
Net		(11,321,291)

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	2,520,045	
Deferred inflows of resources relating to OPEB	<u>(257,379)</u>	
Net		<u>2,262,666</u>

**Total net position governmental activities:** \$ 43,217,461

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2022

	General Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
<b>Revenues</b>				
State Apportionment	\$ 26,905,909	\$ -	\$ -	\$ 26,905,909
Education Protection Account Funds	20,890,450	-	-	20,890,450
Property Taxes	5,346,113	-	901,184	6,247,297
Federal Revenue	6,389,658	-	3,619,781	10,009,439
Other State Revenue	7,359,622	-	2,752,562	10,112,184
Interest	196,466	32,398	81,405	310,269
FMV Adjustment	(716,465)	(145,126)	(274,870)	(1,136,461)
Other Local Revenue	3,049,963	-	2,179,629	5,229,592
Total Revenues	<u>69,421,716</u>	<u>(112,728)</u>	<u>9,259,691</u>	<u>78,568,679</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	37,789,350	-	385,707	38,175,057
Instruction - Related Services	6,463,597	-	436,037	6,899,634
Pupil Services	5,636,613	-	3,720,204	9,356,817
Ancillary Services	1,159,144	-	1,225,430	2,384,574
Community Services	392,362	-	-	392,362
General Administration	5,165,554	-	132,940	5,298,494
Plant Services	7,802,068	23,341	106,166	7,931,575
Other Outgo	647,416	-	-	647,416
Capital Outlay	2,377,667	531,742	8,247,626	11,157,035
Debt Service:				
Principal	165,672	-	775,000	940,672
Interest	134,971	-	1,161,275	1,296,246
Total Expenditures	<u>67,734,414</u>	<u>555,083</u>	<u>16,190,385</u>	<u>84,479,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,687,302</u>	<u>(667,811)</u>	<u>(6,930,694)</u>	<u>(5,911,203)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	9,812	3,093,844	-	3,103,656
Transfers Out	-	-	(3,103,656)	(3,103,656)
Proceeds from Leases	11,872	-	-	11,872
Total Other Financing Sources (Uses)	<u>21,684</u>	<u>3,093,844</u>	<u>(3,103,656)</u>	<u>11,872</u>
Net Change in Fund Balance	1,708,986	2,426,033	(10,034,350)	(5,899,331)
Fund Balance, Beginning of Year	<u>21,654,453</u>	<u>3,968,001</u>	<u>19,021,495</u>	<u>44,643,949</u>
Fund Balance, End of Year	<u>\$ 23,363,439</u>	<u>\$ 6,394,034</u>	<u>\$ 8,987,145</u>	<u>\$ 38,744,618</u>

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

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

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**Total change in fund balances, governmental funds:** \$ (5,899,331)

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

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

Expenditures for capital outlay	11,157,035	
Depreciation expense	(2,522,984)	
Amortization expense	<u>(227,110)</u>	
	Net	8,406,941

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue of premium or discount, were: (11,872)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 940,672

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 13,585

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 66,136

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 3,979,510

The accompanying notes to the financial statements are an integral part of this statement.

# Central Union High School District

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

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Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: (1,358,457)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: (9,472)

**Change in net position of governmental activities:** \$ 6,127,712

# Central Union High School District

Notes to the Financial Statements

For the Year Ended June 30, 2022

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## A. Summary of Significant Accounting Policies

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

### 1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades 9-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, capital facilities funds, debt service funds, and student-related activities.

### 2. Component Units

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

### 3. Basis of Presentation

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

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

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

**Special Reserve Fund for Capital Outlay Projects:** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

### *Non-Major Governmental Funds*

The District reports the following non-major governmental funds categorized by the fund type:

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

**Associated Student Body Fund:** This fund is used to account separately for the activities of associated student body organizations operated by the District.

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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**Capital Projects Funds:** Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

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

**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

**County School Facilities Fund:** This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Green School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

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

**Bond Interest and Redemption Fund:** The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Imperial Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 4. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

## 5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1<sup>st</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

## 7. Revenues and Expenses

### a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

### b. 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, if measurable, and typically paid within 90 days. 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 financial statements.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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

f. Unearned Revenue

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## h. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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i. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

j. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either 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. The Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other Than Capital Outlay (Fund 17), and the Special Reserve Fund for Other Postemployment Benefits (Fund 20) do not have continuing revenue sources that are either restricted or committed in nature. As such these funds do not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. These funds have been combined with the general fund for reporting purposes.

k. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 10. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

## 11. Property Taxes

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

## 12. Use of 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.

## 13. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 14. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2022. Those newly implemented pronouncements are as follows:

Description	Date Issued
<b>GASB Statement 87, Leases</b>	06/2017
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018
<b>GASB Statement 92, Omnibus 2020</b>	01/2020
<b>GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements 14, 84 and supersession of GASB Statement 32</b>	06/2020
<b>GASB Statement 98, The Annual Comprehensive Financial Report</b>	10/2021
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021 (Applicable portions to the 2021-22 fiscal year)</b>	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2022:

- Leases where the District is the lessee were previously accounted for as a current expense in the years the lease payments were made. Under the provisions of GASB Statement No. 87 these leases are recorded on the government wide statement of net position as lease assets which are amortized over the life of the asset or lease (whichever is shorter), and lease liabilities which are reduced over the life of the lease by principal payments. The implementation of this pronouncement resulted in an adjustment to beginning balances as discussed in Note S.
- Leases where the District is the lessor were previously accounted for as rental income in the year that the rent was collected. Under the provisions of GASB Statement No. 87 these leases are recorded at inception of the lease as a lease receivable and a deferred inflow of resources. The District did not have any agreements as the lessor, and therefore no adjustments were made to the financial statements for this change.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## B. Compliance and Accountability

### 1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

## C. Fair Value Measurements

The District’s investments at June 30, 2022, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
Imperial County Treasury	\$ 39,624,266	\$ -	\$ 39,624,266	\$ -
Total investments by fair value level	\$ 39,624,266	\$ -	\$ 39,624,266	\$ -

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 §41001). The fair value of the District’s investments in the pool is reported in the accounting financial statements as 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 the 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.

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## D. Cash and Investments

As of June 30, 2022, the District held the following cash and cash equivalents:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 25,729,220	\$ 6,535,794	\$ 8,159,140	\$ 40,424,154
FMV Adjustment	(540,148)	(137,210)	(122,530)	(799,888)
Cash in Bank and in Revolving Fund	75,000	-	613,973	688,973
Total Cash and Cash Equivalents	<u>\$ 25,264,072</u>	<u>\$ 6,398,584</u>	<u>\$ 8,650,583</u>	<u>\$ 40,313,239</u>

### 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$40,424,154 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$39,624,266. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

### 2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$613,973 as of June 30, 2022) and in revolving fund (\$75,000 as of June 30, 2022) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

### 3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## 4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2022, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 39,624,266

### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2022, the District's bank balances exceeded FDIC limitations by \$438,973 and as such were exposed to custodial credit risk.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the Imperial County Treasury with a fair value of \$39,624,266. The average weighted maturity for this pool was 538 days at June 30, 2022.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2022, consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Special Reserve Fund for Capital Outlay Projects		
Federal Government:				
Adult Education	\$ -	\$ -	\$ 139,526	\$ 139,526
Special Education	526,871	-	-	526,871
Emergency Relief	1,348,101	-	-	1,348,101
Career and Tech Education	125,106	-	-	125,106
Child Nutrition Program	-	-	309,013	309,013
Other Federal Programs	242,797	-	-	242,797
State Government:				
Lottery	157,753	-	-	157,753
Special Education	319,391	-	-	319,391
AG Grant	311,147	-	-	311,147
Educator Effectiveness	165,473	-	-	165,473
Child Nutrition Program	-	-	27,303	27,303
Other State Programs	781	-	-	781
Local Sources				
Interest	87,071	7,136	12,125	106,332
Other Local Sources	5,425	-	9,061	14,486
Total Accounts Receivable	<u>\$ 3,289,916</u>	<u>\$ 7,136</u>	<u>\$ 497,028</u>	<u>\$ 3,794,080</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## F. Lease Receivable

The District holds a lease agreement with Ben Abatti Farms LLC for the right to use District owned land from July 1, 2020 through June 30, 2026. The lease requires semi-annual payments to the District of \$7,970 through January 2023 followed by semi-annual payments to the District of \$8,634 through January 2026. The lease is discounted at an imputed rate of 5%.

Activity on leases receivable for the fiscal year ended June 30, 2022 is as follows:

Description	Balance Beginning of Year	Current Year Additions	Current Year Principal Collected	Balance End of Year
Ben Abatti Farms LLC	\$ 73,069	\$ -	\$ 12,441	\$ 60,628
Total Leases Receivable	\$ 73,069	\$ -	\$ 12,441	\$ 60,628

Description	Balance Beginning of Year	Current Year Additions	Current Year Amortization	Balance End of Year
Ben Abatti Farms LLC	\$ 70,758	\$ -	\$ 14,152	\$ 56,606
Total Deferred Inflows	\$ 70,758	\$ -	\$ 14,152	\$ 56,606

## G. Interfund Balances & Activities

### 1. Due To and From Other Funds

Balances due to and from other funds at June 30, 2022, consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 156,587	Reimburse expenditures
Nonmajor Governmental Funds	General Fund	45,451	Program contribution
	Total	\$ 202,038	

### 2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2022 consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 9,812	Capital projects expenditures
Special Reserve for Capital Outlay	Nonmajor Governmental Funds	3,093,844	Capital projects expenditures
	Total	\$ 3,103,656	

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## H. Capital Assets and Lease Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,163,554	\$ -	\$ -	\$ 8,163,554
Work in progress	28,043,009	10,439,628	-	38,482,637
Total capital assets not being depreciated	<u>36,206,563</u>	<u>10,439,628</u>	<u>-</u>	<u>46,646,191</u>
Capital assets being depreciated:				
Land improvements	5,761,238	-	-	5,761,238
Buildings and improvements	78,798,197	-	-	78,798,197
Equipment	13,568,276	705,535	-	14,273,811
Total capital assets being depreciated	<u>98,127,711</u>	<u>705,535</u>	<u>-</u>	<u>98,833,246</u>
Less accumulated depreciation for:				
Land improvements	(5,089,590)	(75,340)	-	(5,164,930)
Buildings and improvements	(38,489,417)	(1,733,641)	-	(40,223,058)
Equipment	(8,740,903)	(714,003)	-	(9,454,906)
Total accumulated depreciation	<u>(52,319,910)</u>	<u>(2,522,984)</u>	<u>-</u>	<u>(54,842,894)</u>
Total capital assets, net	<u>82,014,364</u>	<u>8,622,179</u>	<u>-</u>	<u>90,636,543</u>
Lease Assets				
Facilities	2,576,521	-	-	2,576,521
Equipment	483,860	11,872	-	495,732
Less accumulated amortization	<u>(618,392)</u>	<u>(227,110)</u>	<u>-</u>	<u>(845,502)</u>
Total lease assets, net	<u>2,441,989</u>	<u>(215,238)</u>	<u>-</u>	<u>2,226,751</u>
Total Capital and Lease Assets, Net	<u>\$ 84,456,353</u>	<u>\$ 8,406,941</u>	<u>\$ -</u>	<u>\$ 92,863,294</u>

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	\$ 2,018,317	\$ -
Instruction Related	75,690	145,511
Pupil Services	176,609	7,909
General Administration	151,379	9,886
Plant Services	100,989	63,804
Totals	<u>\$ 2,522,984</u>	<u>\$ 227,110</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## I. Accounts Payable

Accounts payable balances as of June 30, 2022, consisted of:

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Reserve Fund for Capital Outlay Projects		
Vendors Payable	\$ 1,558,823	\$ 4,779	\$ 213,086	\$ 1,776,688
Payroll and Benefits	221,395	6,907	47,111	275,413
Total Accounts Payable	<u>\$ 1,780,218</u>	<u>\$ 11,686</u>	<u>\$ 260,197</u>	<u>\$ 2,052,101</u>

## J. Unearned Revenue

Unearned revenue balances as of June 30, 2022, consisted of:

	General Fund
Federal Programs	
Title I	\$ 58,810
Title II	90,114
Migrant Education	54,777
ESSER	165,161
ELO Grant	2,160
Homeless Plan	12,105
Other Federal Programs	3,063
State Programs	
Career Tech Initiative Grant	623,348
K-12 Strong Workforce Grant	534,673
Agricultural Career Education	1,670
Partnership Academies Program	66,958
In Person Instruction	1,811,803
Local Sources	
Other Local Grants	7,064
Total Unearned Revenue	<u>\$ 3,431,706</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## K. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2022, the District did not enter into any short-term debt agreements.

## L. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2022, consisted of:

	Major Governmental Funds			Total Governmental Funds
	General Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	
<b>Nonspendable Fund Balance</b>				
Revolving Cash	\$ 75,000	\$ -	\$ -	\$ 75,000
Stores Inventory	53,224	-	63,860	117,084
<b>Total Nonspendable Fund Balance</b>	<b>128,224</b>	<b>-</b>	<b>63,860</b>	<b>192,084</b>
<b>Restricted Fund Balance</b>				
Capital Projects	-	3,606,173	3,894,311	7,500,484
Debt Service	-	-	2,327,684	2,327,684
Educational Programs	3,436,014	-	549,982	3,985,996
Associated Student Body	-	-	613,973	613,973
Child Nutrition Program	-	-	1,537,335	1,537,335
Other Purposes	1,948,313	-	-	1,948,313
<b>Total Restricted Fund Balance</b>	<b>5,384,327</b>	<b>3,606,173</b>	<b>8,923,285</b>	<b>17,913,785</b>
<b>Committed</b>				
For Economic Uncertainty	5,868,119	-	-	5,868,119
<b>Total Committed</b>	<b>5,868,119</b>	<b>-</b>	<b>-</b>	<b>5,868,119</b>
<b>Assigned Fund Balance</b>				
Deferred Maintenance	2,640,438	-	-	2,640,438
Other Postemployment Benefits	2,716,024	-	-	2,716,024
Capital Projects	-	2,787,861	-	2,787,861
Other Assignments	6,602	-	-	6,602
<b>Total Assigned Fund Balance</b>	<b>5,363,064</b>	<b>2,787,861</b>	<b>-</b>	<b>8,150,925</b>
<b>Unassigned Fund Balance</b>				
For Economic Uncertainties	6,619,705	-	-	6,619,705
<b>Total Unassigned Fund Balance</b>	<b>6,619,705</b>	<b>-</b>	<b>-</b>	<b>6,619,705</b>
<b>Total Fund Balance</b>	<b>\$ 23,363,439</b>	<b>\$ 6,394,034</b>	<b>\$ 8,987,145</b>	<b>\$ 38,744,618</b>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## M. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 31,319,601	\$ -	\$ 816,581	\$ 30,503,020	\$ 292,168
Leases Payable	2,767,065	11,872	165,672	2,613,265	179,020
Total OPEB Liability	13,187,704	2,078,700	-	15,266,404	-
Net Pension Liability	53,573,179	-	22,995,490	30,577,689	-
Compensated Absences*	177,574	-	66,136	111,438	111,438
Total Governmental Activities	<u>\$ 101,025,123</u>	<u>\$ 2,090,572</u>	<u>\$ 24,043,879</u>	<u>\$ 79,071,816</u>	<u>\$ 582,626</u>

#### \*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for leases payable are made from the general fund.
- Payments for compensated absences are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for pension contributions are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for OPEB contributions are made from the general fund, the adult education fund, and the cafeteria fund.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On June 7, 2016 registered voters authorized the issuance of \$30,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, no amounts remain unissued.

General obligation bonds for the fiscal year ended June 30, 2022 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2011 Refunding Bonds	11/17/11	2.00 - 4.00%	08/01/24	\$ 9,165,000
2016 Refunding Bonds	11/17/16	2.00 - 4.00%	08/01/26	2,480,000
2016 Election, Series A	11/17/16	2.00 - 4.00%	08/01/26	12,000,000
2016 Election, Series B	04/18/19	1.375 - 5.00%	08/01/49	18,000,000
Total GO Bonds				<u>\$ 41,645,000</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2011 Refunding Bonds					
Principal	\$ 795,000	\$ -	\$ 185,000	\$ 610,000	\$ 195,000
Premium	28,749	-	6,690	22,059	7,052
2016 Refunding Bonds					
Principal	860,000	-	430,000	430,000	85,000
Premium	51,763	-	25,882	25,881	5,116
2016 Election, Series A					
Principal	10,640,000	-	-	10,640,000	-
Premium	712,244	-	-	712,244	-
2016 Election, Series B					
Principal	17,260,000	-	160,000	17,100,000	-
Premium	971,845	-	9,009	962,836	-
Total	<u>\$ 31,319,601</u>	<u>\$ -</u>	<u>\$ 816,581</u>	<u>\$ 30,503,020</u>	<u>\$ 292,168</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

The annual requirements to amortize the bonds outstanding at June 30, 2022 are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 280,000	\$ 1,104,826	\$ 1,384,826
2024	285,000	1,093,526	1,378,526
2025	445,000	1,079,776	1,524,776
2026	280,000	1,067,026	1,347,026
2027	330,000	1,056,626	1,386,626
2028-2032	2,005,000	5,072,455	7,077,455
2033-2037	3,660,000	4,558,380	8,218,380
2038-2042	5,755,000	3,792,502	9,547,502
2043-2047	8,665,000	2,449,286	11,114,286
2048-2052	7,075,000	437,700	7,512,700
Total	<u>\$ 28,780,000</u>	<u>\$ 21,712,103</u>	<u>\$ 50,492,103</u>

### *Premium*

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2011 Refunding	2016 Refunding	2016 Election Series A	2016 Election Series B
Total Interest Payments	\$ 1,578,251	\$ 279,286	\$ 10,233,199	\$ 16,300,364
Less Bond Premium	(331,433)	(149,271)	(803,285)	(1,013,512)
Net Interest Payments	<u>1,246,818</u>	<u>130,015</u>	<u>9,429,914</u>	<u>15,286,852</u>
PAR Amount of Bonds	9,165,000	2,480,000	12,000,000	18,000,000
Periods	14	10	30	30
Effective Interest Rate	0.97%	0.52%	2.62%	2.83%

### 3. Leases Payable

February 2017 the District entered into a lease agreement for use of facilities with IVP LLC. The lease required monthly payments of \$14,459 for the first year followed by annual increases of 2% through the end of the lease agreement January 2037. The lease is discounted at a rate of 5%.

May 2019 the District entered into a lease agreement for use of a Duplo Folding Machine with De Lague Financing. The lease requires monthly payments of \$145 for 60 months beginning May 2019 and extending through April 2025. The lease is discounted at a rate of 5%.

January 2020 the District entered into a lease agreement for use of copy machines with Xerox. The lease requires monthly payments of \$8,986 for 60 months beginning January 2020 and extending through December 2025. The lease is discounted at a rate of 5%.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

December 2021 the District entered into a lease agreement for use of a copy machine with Xerox. The lease requires monthly payments of \$242 for 60 months beginning December 2021 and extending through November 2026. The lease is discounted at a rate of 5%.

Activity on the leases payable for the year ended June 30, 2022 was:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Facilities					
IVP LLC	\$ 2,327,280	\$ -	\$ 74,687	\$ 2,252,593	\$ 82,382
Equipment				-	
Duplo Folding Machine	6,058	-	1,470	4,588	1,546
Xerox Copy Machines	433,727	11,872	89,515	356,084	95,092
Total	<u>\$ 2,767,065</u>	<u>\$ 11,872</u>	<u>\$ 165,672</u>	<u>\$ 2,613,265</u>	<u>\$ 179,020</u>

Future lease payments are scheduled as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 179,020	\$ 126,624	\$ 305,644
2024	192,130	117,379	309,509
2025	205,702	107,457	313,159
2026	164,369	97,445	261,814
2027	118,143	90,947	209,090
2028-2032	758,343	351,539	1,109,882
2033-2037	995,558	122,430	1,117,988
Total	<u>\$ 2,613,265</u>	<u>\$ 1,013,821</u>	<u>\$ 3,627,086</u>

#### 4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$111,438. This amount is included as part of long-term liabilities in the government-wide financial statements.

#### 5. Net Pension Liability

The District's beginning net pension liability was \$53,573,179 and decreased by \$22,995,490 during the year ended June 30, 2022 for an ending net pension liability of \$30,577,689. See Note N for additional information regarding the net pension liability.

#### 6. Total OPEB Liability

The Districts beginning total OPEB liability was \$13,187,704 and increased during the year ended June 30, 2022 by \$2,078,700. The ending total OPEB liability at June 30, 2022 was \$15,266,404. See Note O for additional information regarding the total OPEB liability.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## N. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2021-22)	7.000%	7.000%
Required State Contribution Rates (2021-22)	22.910%	22.910%

\*Amounts are limited to 120% of Social Security Wage Base

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2022, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2021-22, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2022, the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2021-22, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2021, due to an amendment of Government Code §20825.2.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## *On Behalf Payments*

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2022 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	\$ 2,460,845	\$ 777,900
2021	10.328%	2,620,579	1,706,726
2022	10.828%	2,975,250	438,422

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

### d. Contributions Recognized

For the fiscal year ended June 30, 2022 (measurement period June 30, 2021), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,374,231	\$ 2,080,798	\$ 6,455,029
Contributions - State On Behalf Payments	438,422	-	438,422
Total Governmental Funds	\$ 4,812,653	\$ 2,080,798	\$ 6,893,451
	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,182,937	\$ 1,763,369	\$ 5,946,306
Contributions - State On Behalf Payments	2,620,579	-	2,620,579
Total Government-Wide	\$ 6,803,516	\$ 1,763,369	\$ 8,566,885

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	<u>\$ 19,244,090</u>	<u>\$ 11,333,599</u>	<u>\$ 30,577,689</u>

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to measurement date June 30, 2021 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2021 and June 30, 2022 were as follows:

	CalSTRS		Total For District Employees	CalPERS
	District's Proportionate Share	State's Proportionate Share*		District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2021	0.03770%	0.02680%	0.06450%	0.05570%
Proportion June 30, 2022	<u>0.04230%</u>	<u>0.03140%</u>	<u>0.07370%</u>	<u>0.05570%</u>
Change in Proportion	<u>0.00460%</u>	<u>0.00460%</u>	<u>0.00920%</u>	<u>0.00000%</u>

\*Represents State's Proportionate Share on behalf of District employees.

### a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (17,250,889)	\$ (5,744,601)	\$ (22,995,490)
State On Behalf Pension Expense	438,422	-	438,422
Employer Contributions to Pension Expense	4,374,231	2,080,798	6,455,029
Change in Contributions Subsequent to Measurement Date	(191,294)	(317,429)	(508,723)
Change in Other Deferred Outflows/Inflows of Resources	<u>14,036,796</u>	<u>5,487,907</u>	<u>19,524,703</u>
Total Pension Expense - Governmental	<u>\$ 1,407,266</u>	<u>\$ 1,506,675</u>	<u>\$ 2,913,941</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## b. Deferred Outflows and Inflows of Resources

At June 30, 2022, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 4,374,231	\$ 2,080,798	\$ 6,455,029
Differences between actual and expected experience	38,467	354,618	393,085
Changes in assumptions	1,882,668	-	1,882,668
Changes in employer's proportionate share	4,319,102	180,150	4,499,252
Total Deferred Outflows of Resources	<u>\$ 10,614,468</u>	<u>\$ 2,615,566</u>	<u>\$ 13,230,034</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 1,944,318	\$ 26,718	\$ 1,971,036
Changes in employer's proportionate share	2,627,700	203,194	2,830,894
Net difference between projected and actual earnings	15,400,498	4,348,897	19,749,395
Total Deferred Inflows of Resources	<u>\$ 19,972,516</u>	<u>\$ 4,578,809</u>	<u>\$ 24,551,325</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
June 30,					
2023	\$ 6,579,328	\$ 2,468,916	\$ (5,166,288)	\$ (1,167,272)	\$ 2,714,684
2024	2,074,697	131,180	(4,847,020)	(1,079,164)	(3,720,307)
2025	952,543	10,807	(4,935,095)	(1,122,694)	(5,094,439)
2026	952,543	4,663	(4,565,252)	(1,209,679)	(4,817,725)
2027	55,357	-	(255,334)	-	(199,977)
Thereafter	-	-	(203,527)	-	(203,527)
Total	<u>\$ 10,614,468</u>	<u>\$ 2,615,566</u>	<u>\$ (19,972,516)</u>	<u>\$ (4,578,809)</u>	<u>\$ (11,321,291)</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2022, were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

## Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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### d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

<b>CalSTRS</b>		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%
*20 year average		

<b>CalPERS</b>			
<u>Asset Class<sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10<sup>(2,4)</sup></u>	<u>Real Return Years 11+<sup>(3,4)</sup></u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% is used for this period.

(3) An expected inflation of 2.92% is used for this period

(4) Figures are based on the previous ALM of 2017

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 39,174,757	\$ 19,110,039
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 19,244,090	\$ 11,333,599
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 2,702,626	\$ 4,877,485

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 1. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

### CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
<b>Balance at June 30, 2021</b>					
(Previously Reported)	\$ 221,566,454	\$ 159,128,988	\$ 62,437,466	\$ 25,942,487	\$ 36,494,979
<b>Changes for the year</b>					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	31,683,077	22,754,780	8,928,297	4,442,377	4,485,920
Service cost	5,605,629	-	5,605,629	2,386,666	3,218,963
Interest	17,948,765	-	17,948,765	7,641,910	10,306,855
Difference between expected and actual experience	(2,480,999)	-	(2,480,999)	(1,056,316)	(1,424,683)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	4,240,465	(4,240,465)	(1,805,431)	(2,435,034)
Employee	-	2,756,058	(2,756,058)	(1,173,426)	(1,582,632)
State on behalf	-	2,747,511	(2,747,511)	(1,169,787)	(1,577,724)
Net investment income	-	49,368,581	(49,368,581)	(21,019,289)	(28,349,292)
Other income	-	66,612	(66,612)	(28,361)	(38,251)
Benefit payments <sup>(1)</sup>	(12,304,200)	(12,304,200)	-	-	-
Administrative expenses	-	(185,251)	185,251	78,873	106,378
Borrowing costs	-	(65,986)	65,986	28,094	37,892
Other expenses	-	(1,253)	1,253	534	719
Net changes	40,452,272	69,377,317	(28,925,045)	(11,674,156)	(17,250,889)
<b>Balance at June 30, 2022</b>	<u>\$ 262,018,726</u>	<u>\$ 228,506,305</u>	<u>\$ 33,512,421</u>	<u>\$ 14,268,331</u>	<u>\$ 19,244,090</u>

(1) – Includes refunds of employee contributions

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at June 30, 2021</b>			
(Previously Reported)	\$ 56,934,431	\$ 39,856,231	\$ 17,078,200
<b>Changes for the year</b>			
Change in proportionate share	77,740	54,421	23,319
Service cost	1,308,346	-	1,308,346
Interest	4,022,315	-	4,022,315
Difference between expected and actual experience	(35,624)	-	(35,624)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,656,596	(1,656,596)
Employee	-	568,036	(568,036)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	8,877,908	(8,877,908)
Benefit payments <sup>(1)</sup>	(2,749,119)	(2,749,119)	-
Administrative expenses	-	(39,583)	39,583
Other expenses	-	-	-
Net changes	2,623,658	8,368,259	(5,744,601)
<b>Balance at June 30, 2022</b>	<b>\$ 59,558,089</b>	<b>\$ 48,224,490</b>	<b>\$ 11,333,599</b>

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## O. Postemployment Benefits Other Than Pension Benefits

### 1. Plan Description

*Plan Administration.* The Central Union High School District (District) administers a single-employer healthcare plan (Plan). The District maintains the same plan for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65.

*Benefits Provided.* Certificated unit members may retire with District-paid benefits at age 55 with at least 15 years of service with the District. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, vision, and life premiums is limited to a monthly cap of \$966.35 per retiree for 2021-22.

Classified unit members hired prior to July 1, 2005 may retire with District-paid benefits at age 55 with at least 10 years of service with the District. Classified employees hired on or after July 1, 2005 but before July 1, 2008 may retire with District-paid benefits at age 55 with at least 15 years of service with the District. Classified employees hired on or after July 1, 2008 may retire with District-paid benefits at age 55 with at least 20 years of service. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, and vision premiums is limited to a monthly cap of \$909.35 per retiree for 2021-22.

Health benefits for Management retirees are subject to Board approval and have been assumed to follow the certificated guidelines described above, except that Management retirees do not receive District-paid life insurance.

Retired board members do not receive District contributions towards medical, dental, vision or life premiums. They are eligible to self-pay for these benefits upon attaining age 55 and 15 years of service on the Board.

### 2. Contributions

The contribution requirements of the Plan members and the District are established and amended by the District and the Teachers Association (CEA) and the local California Service Employee Association (CSEA). The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

### 3. Plan Membership

Membership of the plan consisted of the following as of June 30, 2022:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>380</u>
	<u>406</u>

### 4. Total OPEB Liability

The Central Union High School District's total OPEB liability of \$15,266,404 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

### 5. Actuarial Assumptions and Other Inputs

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

Actuarial Cost Method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary Increases	3.00%
Inflation Rate	3.00%
Healthcare Cost Trend Rate	5.75% decreasing to 4.50%
Preretirement Mortality	Certificated: Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Classified: Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Certificated: Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Classified: Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

*Discount Rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s total OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Fidelity GO AA 20 Years Municipal Index</u>	<u>Discount Rate</u>
6/30/2021	6/30/2020	2.45%	2.45%
6/30/2022	6/30/2021	1.92%	1.92%

## 6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	<u>\$ 13,187,704</u>
Changes for the year:	
Service cost	915,221
Interest	340,949
Changes of assumptions	682,910
Experience differences	515,207
Benefit payments	<u>(375,587)</u>
Net change	<u>2,078,700</u>
Balance at June 30, 2022	<u><u>\$ 15,266,404</u></u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 7. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u> <u>(0.92%)</u>	<u>Valuation</u> <u>Discount Rate</u> <u>(1.92%)</u>	<u>1% Increase</u> <u>(2.92%)</u>
Total OPEB Liability	\$ 16,467,594	\$ 15,266,404	\$ 14,131,742

## 8. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

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

	<u>1% Decrease</u> <u>4.75%</u> <u>Decreasing to</u> <u>3.50%</u>	<u>Healthcare Cost</u> <u>Trends Rate</u> <u>5.75%</u> <u>Decreasing to</u> <u>4.50%</u>	<u>1% Increase</u> <u>6.75%</u> <u>Decreasing to</u> <u>5.50%</u>
Total OPEB Liability	\$ 13,627,841	\$ 15,266,404	\$ 17,174,795

## 9. OPEB Expense

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$1,511,610.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## 10. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2022 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,905,352	\$ 212,974
Experience differences	461,540	44,405
Contributions made subsequent to measurement date	153,153	-
Total	<u>\$ 2,520,045</u>	<u>\$ 257,379</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2023	\$ 460,534	\$ (51,941)	\$ 408,593
2024	307,381	(51,941)	255,440
2025	307,381	(51,941)	255,440
2026	307,381	(51,941)	255,440
2027	307,381	(38,350)	269,031
Thereafter	829,987	(11,265)	818,722
Total	<u>\$ 2,520,045</u>	<u>\$ (257,379)</u>	<u>\$ 2,262,666</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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## **P. Risk Management**

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

## **Q. Participation in Joint Powers Authorities**

The District is a member of the Imperial Valley Regional Occupation Program (IVROP) the Imperial County School Property/Liability Insurance (ICSPLI), the Imperial County Telecommunications Authority, and the Self Insurance Program for Imperial County (SIPIC) for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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.

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## R. Commitments and Contingencies

### 1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

### 2. 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 as of June 30, 2022.

### 3. Construction Commitments

As of June 30, 2022, the District had the following construction commitments:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>
Construction in Process:		
Central Union High School Autoshop Building Roof Replacement	\$ 14,903	December 2022
Central Union High School Site Security	220,569	September 2022
Southwest High School PA and Clock Upgrade - Phase II	39,462	December 2022
Central Union High School Science Wing Modernization	490,249	February 2023
Central Union High School STEM Building	1,889,796	June 2023
Maintenance and Operations Yard Project	59,807	September 2022

\*Expected date of completion subject to change.

## S. Adjustment to Beginning Net Position/Fund Balance

The District spent time going through the capital asset listing and depreciation schedule to identify discrepancies that occurred when changing software. In addition, the District implemented GASB 87 during the fiscal year. As a result of the corrections to capital assets and implementation of GASB 87, the District adjusted beginning fund balance/net position as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Beginning Net Position/Fund Balance as Reported in June 30, 2021 Audit Report	\$ 50,539,588	\$ 21,652,142
Adjustments to Beginning Balance		
Corrections to Capital Assets	(13,127,074)	
GASB 87 Implementation	(322,765)	2,311
Beginning Net Position/Fund Balance, as Restated	<u>\$ 37,089,749</u>	<u>\$ 21,654,453</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## T. Deferred Outflows of Resources

In accordance with GASB Statement No. 65, refunding losses are recorded as deferred outflows of resources and amortized over the life of the bonds.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred outflows of resources for OPEB related items as prescribed by the statement.

A summary of the deferred outflows of resources as of June 30, 2022, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
2011 Refunding Loss	\$ 105,191	\$ -	\$ 26,298	\$ 78,893
2016 Refunding Loss	148,529	-	24,755	123,774
OPEB Related	1,851,743	1,351,270	682,968	2,520,045
Pension Related				
CalSTRS	8,142,351	8,860,151	6,388,034	10,614,468
CalPERS	3,115,626	2,104,117	2,604,177	2,615,566
Total Deferred Outflows of Resources	<u>\$ 13,363,440</u>	<u>\$ 12,315,538</u>	<u>\$ 9,726,232</u>	<u>\$ 15,952,746</u>

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	OPEB Related	Pension Related	Total
2023	\$ 51,053	\$ 460,534	\$ 6,579,328	\$ 7,090,915
2024	51,053	307,381	4,543,613	4,902,047
2025	51,052	307,381	1,083,723	1,442,156
2026	24,755	307,381	963,350	1,295,486
2027	24,754	307,381	60,020	392,155
Thereafter	-	829,987	-	829,987
Total	<u>\$ 202,667</u>	<u>\$ 2,520,045</u>	<u>\$ 13,230,034</u>	<u>\$ 15,952,746</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## U. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

In accordance with GASB Statement No. 87, the District has recorded deferred inflows of resources for deferred rent income.

A summary of the deferred inflows of resources as of June 30, 2022 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Deferred Rent Income	\$ 70,758	\$ -	\$ 14,152	\$ 56,606
Pension Related				
CalSTRS	3,654,897	22,413,486	6,095,867	19,972,516
CalPERS	(91,609)	6,084,023	1,413,605	4,578,809
OPEB Related	309,320	-	51,941	257,379
Total Deferred Inflows of Resources	<u>\$ 3,943,366</u>	<u>\$ 28,497,509</u>	<u>\$ 7,575,565</u>	<u>\$ 24,865,310</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Deferred Rent Income	Pension Related	OPEB Related	Total
2023	\$ 14,152	\$ 5,166,288	\$ 51,941	\$ 5,232,381
2024	14,152	6,014,292	51,941	6,080,385
2025	14,152	6,014,259	51,941	6,080,352
2026	14,150	5,687,946	51,941	5,754,037
2027	-	1,465,013	38,350	1,503,363
Thereafter	-	203,527	11,265	214,792
Total	<u>\$ 56,606</u>	<u>\$ 24,551,325</u>	<u>\$ 257,379</u>	<u>\$ 24,865,310</u>

# Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

## V. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>GASB Statement No. 99, Omnibus 2022</b>	04/2022	2022-23 Thru 2023-24
<b>GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62</b>	06/2022	2024-25
<b>GASB Statement No. 101, Compensated Absences</b>	06/2022	2024-25
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021</b>	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

Required Supplementary Information

# Central Union High School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 38,246,083	\$ 30,659,723	\$ 26,905,909	\$ (3,753,814)
Education Protection Account	9,273,153	17,239,318	20,890,450	3,651,132
Property Taxes	4,570,581	5,278,127	5,346,113	67,986
Federal Revenue	4,183,490	18,423,631	6,389,658	(12,033,973)
Other State Revenue	10,377,941	6,762,073	7,359,622	597,549
Interest Income	120,000	120,000	171,569	51,569
FMV Adjustment	-	-	(581,249)	(581,249)
Other Local Revenue	2,853,728	3,397,215	2,946,829	(450,386)
Total Revenues	<u>69,624,976</u>	<u>81,880,087</u>	<u>69,428,901</u>	<u>(12,451,186)</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	26,015,921	28,163,829	26,812,756	1,351,073
Classified Salaries	8,303,403	9,007,006	8,751,548	255,458
Employee Benefits	15,257,471	15,711,114	15,051,388	659,726
Books and Supplies	9,589,634	12,946,538	5,327,883	7,618,655
Services and Other Operating	7,393,092	12,767,044	7,682,722	5,084,322
Other Outgo	760,568	780,320	647,416	132,904
Direct Support/Indirect Costs	(107,000)	(119,760)	(86,914)	(32,846)
Capital Outlay	1,730,918	5,316,114	2,833,721	2,482,393
Debt Service:				
Principal	-	-	165,672	(165,672)
Interest	-	-	134,971	(134,971)
Total Expenditures	<u>68,944,007</u>	<u>84,572,205</u>	<u>67,321,163</u>	<u>17,251,042</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>680,969</u>	<u>(2,692,118)</u>	<u>2,107,738</u>	<u>4,799,856</u>
<b>Other Financing Sources</b>				
Transfers In	-	-	9,812	9,812
Transfers Out	-	(1,000,000)	(3,000,000)	(2,000,000)
Proceeds from Leases	-	-	11,872	11,872
Total Other Financing Sources	<u>-</u>	<u>(1,000,000)</u>	<u>(2,978,316)</u>	<u>(1,978,316)</u>
<b>Net Change in Fund Balance</b>	680,969	(3,692,118)	(870,578)	2,821,540
<b>Fund Balance - Beginning of Year</b>	<u>18,870,953</u>	<u>18,870,953</u>	<u>18,870,953</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 19,551,922</u>	<u>\$ 15,178,835</u>	<u>\$ 18,000,375</u>	<u>\$ 2,821,540</u>

See Accompanying Notes to Required Supplementary Information

# Central Union High School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0423%	0.0377%	0.0425%	0.0409%	0.0402%	0.0405%	0.0428%	0.0398%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 19,244,090	\$ 36,494,979	\$ 38,392,198	\$ 37,567,904	\$ 37,150,240	\$ 32,739,719	\$ 28,808,217	\$ 23,251,826	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	14,268,331	25,942,487	21,812,599	21,447,094	21,723,610	19,294,211	15,589,525	13,314,247	N/A	N/A
Total	<u>\$ 33,512,421</u>	<u>\$ 62,437,466</u>	<u>\$ 60,204,797</u>	<u>\$ 59,014,998</u>	<u>\$ 58,873,850</u>	<u>\$ 52,033,930</u>	<u>\$ 44,397,742</u>	<u>\$ 36,566,073</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	24,846,582	23,182,959	22,848,182	21,708,247	21,239,610	20,111,296	19,774,261	\$ 17,631,091	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.21%	72.56%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

# Central Union High School District

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 4,374,231	\$ 4,012,723	\$ 3,964,286	\$ 3,719,684	\$ 3,132,500	\$ 2,671,943	\$ 2,157,942	\$ 1,755,954	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(4,374,231)</u>	<u>(4,012,723)</u>	<u>(3,964,286)</u>	<u>(3,719,684)</u>	<u>(3,132,500)</u>	<u>(2,671,943)</u>	<u>(2,157,942)</u>	<u>(1,755,954)</u>	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>							
District's covered payroll**	\$ 25,852,429	\$ 24,846,582	\$ 23,182,959	\$ 22,848,182	\$ 21,708,247	\$ 21,239,610	\$ 20,111,296	\$ 19,774,261	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

## Central Union High School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0557%	0.0557%	0.0568%	0.0560%	0.0545%	0.0528%	0.0503%	0.0520%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 11,333,599	\$ 17,078,200	\$ 16,560,346	\$ 14,927,630	\$ 13,003,665	\$ 10,428,614	\$ 7,407,769	\$ 5,903,710	N/A	N/A
District's covered payroll**	\$ 8,002,841	\$ 8,089,286	\$ 7,952,065	\$ 7,464,928	\$ 6,996,119	\$ 6,394,260	\$ 5,588,784	\$ 5,467,960	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

**Central Union High School District**  
**Schedule of the District's Contributions - CalPERS**  
**Last Ten Fiscal Years\***

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,080,798	\$ 1,656,588	\$ 1,595,288	\$ 1,436,302	\$ 1,159,378	\$ 971,621	\$ 757,528	\$ 657,856	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(2,080,798)</u>	<u>(1,656,588)</u>	<u>(1,595,288)</u>	<u>(1,436,302)</u>	<u>(1,159,378)</u>	<u>(971,621)</u>	<u>(757,528)</u>	<u>(657,856)</u>	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>				
District's covered payroll**	\$ 9,082,488	\$ 8,002,841	\$ 8,089,286	\$ 7,952,065	\$ 7,464,928	\$ 6,996,119	\$ 6,394,260	\$ 5,588,784	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Covered payroll on this schedule is based on the fiscal year.

## Central Union High School District

### Schedule of Changes in the District's Total OPEB Liability and Related Ratios – CUHSD Retiree Health Plan Last Ten Fiscal Years\*

	Fiscal Year									
	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 915,221	\$ 738,682	\$ 618,288	\$ 626,509	\$ 608,261	N/A	N/A	N/A	N/A	N/A
Interest	340,949	383,873	377,652	300,933	282,814	N/A	N/A	N/A	N/A	N/A
Experience differences	515,207		(64,289)	-	-	N/A	N/A	N/A	N/A	N/A
Adjustments to balances	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	682,910	681,994	1,089,009	(394,226)	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(375,587)	(282,803)	(334,612)	(332,992)	(291,706)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	2,078,700	1,521,746	1,686,048	200,224	599,369	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	13,187,704	11,665,958	9,979,910	9,779,686	\$ 9,180,317	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 15,266,404</u>	<u>\$ 13,187,704</u>	<u>\$ 11,665,958</u>	<u>\$ 9,979,910</u>	<u>\$ 9,779,686</u>	N/A	N/A	N/A	N/A	N/A
Covered payroll	36,936,056	33,952,083	30,614,355	\$ 39,892,441	\$ 39,892,441	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	41.33%	38.84%	38.11%	25.02%	24.52%	N/A	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

# Central Union High School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2022

## Budgetary Comparison Schedule Reconciliation

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District’s Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other Than Capital Outlay (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) do not meet the definition of a special revenue fund and are therefore included with the General Fund for reporting purposes. The budgetary comparison schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below represents a reconciliation between the schedules:

General Fund - Basic Financial Statements Ending Fund Balance	\$ 23,363,439
Fund 14 Fund Balance	(2,640,438)
Fund 17 Fund Balance	(6,602)
Fund 20 Fund Balance	<u>(2,716,024)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 18,000,375</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 1,708,986
Fund 14 Net Change in Fund Balance	(2,638,851)
Fund 17 Net Change in Fund Balance	144
Fund 20 Net Change in Fund Balance	<u>59,143</u>
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ (870,578)</u>

## Excess of Expenditures Over Appropriations

As of June 30, 2022, the District’s expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Direct Support/Indirect Costs	\$ 32,846	The District underestimated the amounts to be transferred between funds for indirect costs.
Debt Service	300,643	The District did not budget for GASB 87 implementation which moved costs of leases from Services and Other into Debt Service.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

# Central Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

## Schedule of District’s Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

## Schedule of District’s Contributions – CalSTRS

The total pension liability for California State Teachers’ Retirement System (CalSTRS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020 (released in May 2021). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Central Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

### Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
<u>Reporting Period</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

# Central Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

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

1. Benefit Changes: There were no benefit changes during the 2021-22 fiscal year
2. Changes in Assumptions: Discount rates and experience study information is updated annually.
3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%
2019	3.62%
2020	3.13%
2021	2.45%
2022	1.92%

## Combining Statements as Supplementary Information

# Central Union High School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds			Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	
<b>Assets</b>								
Cash and Cash Equivalents	\$ 613,973	\$ 595,781	\$ 1,207,996	\$ 1,530,997	\$ 649,961	\$ 1,729,386	\$ 2,322,489	\$ 8,650,583
Accounts Receivable	-	143,084	338,984	5,558	2,960	1,247	5,195	497,028
Due from Other Funds	-	-	45,451	-	-	-	-	45,451
Stores Inventories	-	-	63,860	-	-	-	-	63,860
<b>Total Assets</b>	<u>\$ 613,973</u>	<u>\$ 738,865</u>	<u>\$ 1,656,291</u>	<u>\$ 1,536,555</u>	<u>\$ 652,921</u>	<u>\$ 1,730,633</u>	<u>\$ 2,327,684</u>	<u>\$ 9,256,922</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance:</b>								
Liabilities:								
Accounts Payable	\$ -	\$ 188,883	\$ 55,328	\$ -	\$ 15,986	\$ -	\$ -	\$ 260,197
Due to Other Funds	-	-	(232)	-	9,812	-	-	9,580
Total Liabilities	<u>-</u>	<u>188,883</u>	<u>55,096</u>	<u>-</u>	<u>25,798</u>	<u>-</u>	<u>-</u>	<u>269,777</u>
Deferred Inflows of Resources:								
Deferred Rent Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:								
Nonspendable	-	-	63,860	-	-	-	-	63,860
Restricted	613,973	549,982	1,537,335	1,536,555	627,123	1,730,633	2,327,684	8,923,285
Total Fund Balance	<u>613,973</u>	<u>549,982</u>	<u>1,601,195</u>	<u>1,536,555</u>	<u>627,123</u>	<u>1,730,633</u>	<u>2,327,684</u>	<u>8,987,145</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 613,973</u>	<u>\$ 738,865</u>	<u>\$ 1,656,291</u>	<u>\$ 1,536,555</u>	<u>\$ 652,921</u>	<u>\$ 1,730,633</u>	<u>\$ 2,327,684</u>	<u>\$ 9,256,922</u>

# Central Union High School District

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

June 30, 2022

	Special Revenue Funds			Capital Projects Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	
<b>Revenues</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901,184	\$ 901,184
Federal Revenue	-	179,457	3,440,324	-	-	-	-	3,619,781
Other State Revenue	-	857,747	129,433	-	-	1,765,382	-	2,752,562
Interest	77	3,900	10,203	39,180	3,798	7,854	16,393	81,405
FMV Adjustment	-	(16,754)	(38,326)	(115,038)	(17,144)	(61,333)	(26,275)	(274,870)
Other Local Revenue	1,280,903	97,613	401,888	-	399,225	-	-	2,179,629
<b>Total Revenues</b>	<b>1,280,980</b>	<b>1,121,963</b>	<b>3,943,522</b>	<b>(75,858)</b>	<b>385,879</b>	<b>1,711,903</b>	<b>891,302</b>	<b>9,259,691</b>
<b>Expenditures</b>								
<b>Current Expenditures:</b>								
Instruction	-	385,707	-	-	-	-	-	385,707
Instruction - Related Services	-	436,037	-	-	-	-	-	436,037
Pupil Services	-	66,263	3,653,941	-	-	-	-	3,720,204
Ancillary Services	1,225,430	-	-	-	-	-	-	1,225,430
General Administration	-	-	86,914	-	46,026	-	-	132,940
Plant Services	-	85,751	20,415	-	-	-	-	106,166
Capital Outlay	-	176,944	275,185	7,677,848	117,649	-	-	8,247,626
<b>Debt Service:</b>								
Principal	-	-	-	-	-	-	775,000	775,000
Interest	-	-	-	-	-	-	1,161,275	1,161,275
<b>Total Expenditures</b>	<b>1,225,430</b>	<b>1,150,702</b>	<b>4,036,455</b>	<b>7,677,848</b>	<b>163,675</b>	<b>-</b>	<b>1,936,275</b>	<b>16,190,385</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,550	(28,739)	(92,933)	(7,753,706)	222,204	1,711,903	(1,044,973)	(6,930,694)
<b>Other Financing Sources (Uses):</b>								
Transfers Out	-	-	-	-	(9,812)	(3,093,844)	-	(3,103,656)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,812)</b>	<b>(3,093,844)</b>	<b>-</b>	<b>(3,103,656)</b>
<b>Net Change in Fund Balance</b>	<b>55,550</b>	<b>(28,739)</b>	<b>(92,933)</b>	<b>(7,753,706)</b>	<b>212,392</b>	<b>(1,381,941)</b>	<b>(1,044,973)</b>	<b>(10,034,350)</b>
Fund Balance, Beginning of Year	558,423	578,721	1,694,128	9,290,261	414,731	3,112,574	3,372,657	19,021,495
<b>Fund Balance, End of Year</b>	<b>\$ 613,973</b>	<b>\$ 549,982</b>	<b>\$ 1,601,195</b>	<b>\$ 1,536,555</b>	<b>\$ 627,123</b>	<b>\$ 1,730,633</b>	<b>\$ 2,327,684</b>	<b>\$ 8,987,145</b>

## Other Supplementary Information

**Central Union High School District**  
 Local Education Agency Organization Structure  
 June 30, 2022

The Central Union High School District was established in 1908 and is comprised of an area of El Centro, Heber, and Seeley in Imperial County. There were no changes in the boundaries of the District during the current year. The District is currently operating three high schools. The District also maintains a continuation high school and an adult education program.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Diahna Garcia-Ruiz	President	Four Year Term Expires November 30, 2024
Eric L Rodriguez	Clerk	Four Year Term Expires November 30, 2024
Maria Pienado	Member	Four Year Term Expires November 30, 2024
Emma Jones	Member	Four Year Term Expires November 30, 2022
Carlos Hernandez	Member	Four Year Term Expires November 30, 2022

**ADMINISTRATION**

Dr. Ward Andrus  
 Superintendent

Rauna Fox  
 Assistant Superintendent  
 Educational Services

Arnold Preciado  
 Assistant Superintendent  
 Business Services

Carol Moreno  
 Director of  
 Human Resources

# Central Union High School District

## Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Certificate #FC51BBD8		Certificate #7E431E3A	
	Original	Revised	Original	Revised
Grades 9-12				
Regular ADA	3,796.57	N/A	3,657.92	3,791.23
Total Grades 9-12	3,796.57	N/A	3,657.92	3,791.23
Total ADA	3,796.57	N/A	3,657.92	3,791.23

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA) at P2.

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

# Central Union High School District

## Schedule of Instructional Time

Year Ended June 30, 2022

<u>Grade Level</u>	<u>Annual Minutes Requirement</u>	<u>Actual Minutes Offered</u>	<u>J-13A Minutes</u>	<u>Total Minutes</u>	<u>Number of Actual Days Offered (Traditional)</u>	<u>J-13A Days</u>	<u>Total Instructional Days</u>	<u>Status</u>
9th Grade	64,800	68,425	0	68,425	180	0	180	Complied
10th Grade	64,800	68,425	0	68,425	180	0	180	Complied
11th Grade	64,800	68,425	0	68,425	180	0	180	Complied
12th Grade	64,800	68,425	0	68,425	180	0	180	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten           36,000 minutes
- To pupils in grades 1 to 3           50,400 minutes
- To pupils in grades 4 to 8           54,000 minutes
- To pupils in grades 9 to 12         64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112: Grades 1 to 3           230 minutes
- EC §46113: Grades 4 to 8           240 minutes
- EC §46114: Kindergarten           180 minutes
- EC §46141: Grades 9 to 12         240 minutes

# Central Union High School District

## Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

General Fund	Budget 2023 (See Note 1)	2022 (See Note 5)	2021	2020
Revenues and Other Financing Sources	\$ 86,314,264	\$ 69,450,585	\$ 70,203,742	\$ 58,074,404
Expenditures and Other Financing Uses	91,938,333	70,321,163	62,741,933	59,482,231
Net Change in Fund Balance	(5,624,069)	(870,578)	7,461,809	(1,407,827)
Ending Fund Balance	<u>\$ 12,376,306</u>	<u>\$ 18,000,375</u>	<u>\$ 18,870,953</u>	<u>\$ 11,409,144</u>
Available Reserves (See Note 2)	<u>\$ 8,076,093</u>	<u>\$ 6,619,705</u>	<u>\$ 14,750,117</u>	<u>\$ 9,515,833</u>
Available Reserves as a Percentage of Total Outgo	<u>8.78%</u>	<u>9.41%</u>	<u>23.51%</u>	<u>16.00%</u>
Long Term Debt (See Note 3)	<u>\$ 32,645,097</u>	<u>\$ 33,116,285</u>	<u>\$ 31,319,601</u>	<u>\$ 32,733,178</u>
Average Daily Attendance at P2	<u>3,998</u>	<u>3,797</u>	<u>N/A</u>	<u>4,000</u>

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.

The general fund balance has increased by \$6,591,231 (57.77%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$5,624,069 (31.24%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$383,107 over the past two years.

ADA has decreased by 203 as compared to 2019-20. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2023 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Long term debt consists of general obligation bonds and leases payable.
4. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District’s Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other Than Capital Outlay (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) do not meet the definition of a special revenue fund and were therefore combined with the General Fund for financial statement reporting. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.
5. During the 2021-22 fiscal year the District implemented GASB 87 which resulted in an adjustment to beginning fund balance in the General Fund.

## Central Union High School District

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

Year Ended June 30, 2022

	General Fund (Fund 01)	Associated Student Body Fund (Fund 08)	Deferred Maintenance Fund (Fund 14)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Postemployment Benefits (Fund 20)
June 30, 2022, annual financial and budget report fund balances	\$ 17,996,353	\$ 598,470	\$ 2,640,438	\$ 6,602	\$ 2,716,024
Adjustments and reclassifications:					
Increasing (decreasing) the fund balance:					
GASB 87 Inclusion of Rent Receivable	60,628	-	-	-	-
GASB 87 Inclusion of Deferred Inflows	(56,606)	-	-	-	-
Understatement of Cash in Bank	-	15,503	-	-	-
GASB 54 Fund Presentation	5,363,064	-	(2,640,438)	(6,602)	(2,716,024)
Net adjustments and reclassifications	<u>5,367,086</u>	<u>15,503</u>	<u>(2,640,438)</u>	<u>(6,602)</u>	<u>(2,716,024)</u>
June 30, 2022, audited financial statement fund balances	<u>\$ 23,363,439</u>	<u>\$ 613,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

## **Central Union High School District**

Schedule of Charter Schools

Year Ended June 30, 2022

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As of June 30, 2022, the District is not a sponsoring local educational agency for any charter schools.

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

**Central Union High School District**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
National School Lunch Program	10.555	13396	\$ -	\$ 2,093,630
National School Lunch Program - Noncash Commodities	10.555	13396	-	1,277,509
Total Child Nutrition Cluster			-	3,371,139
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	429,259
IDEA Mental Health	84.027	15197	-	97,612
Total Special Education (IDEA) Cluster			-	526,871
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Adult Education Basic	84.002	14508	-	97,813
Adult Education Secondary	84.002	13978	-	81,644
Title I	84.010	14329	-	1,030,061
ESSA School Improvement Funding for LEAs	84.010	15438	-	71,706
Migrant Education	84.011	14838	-	440,774
Migrant Education Summer	84.011	10005	-	71,471
Vocational Education	84.048	14894	-	133,985
Title III English Learner	84.365	14346	-	89,928
Title II Supporting Effective Instruction	84.367	14341	-	101,768
Title IV Student Support	84.424	15396	-	85,585
Governor's Emergency Education Relief Fund	84.425C	15517	-	137,424
ESSER	84.425D	15536	-	83
ESSER II	84.425D	15547	-	923,397
ESSER III	84.425D	15559	-	1,682,973
ESSER III - Learning Loss	84.425U	10155	-	320,197
ELO Grant: ESSER II State Reserve	84.425	15618	-	367,945
ELO Grant: GEER II	84.425	15919	-	27,473
ELO Grant: ESSER III Emergency Needs	84.425	15620	-	288,750
ELO Grant: ESSER III Learning Loss	84.425	15621	-	5,300
Total Other Programs			-	5,958,277
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 9,856,287

See accompanying notes to schedule of expenditures of federal awards.

# Central Union High School District

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

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## Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

## Summary of Significant Accounting Policies

The expenditures reported on the schedule 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.17% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Child Nutrition Cluster	10.555	5.48%
Migrant Education	84.011	6.13%
Carl D. Perkins Career & Technical Education - Secondary	84.084	4.98%

## Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 1,030,061

# Central Union High School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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## Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$5,000 from the federal government.

## Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

The District received SNP COVID-19 Emergency Operational Costs award which was not expended during the year ended June 30, 2022.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 10,009,439
Less: Unexpensed Revenue SNP COVID-19 Emergency Operational Costs Reimbursements	(69,184)
Less: Amounts representing Medi-Cal	<u>(83,968)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$ 9,856,287</u></u>

## Other Independent Auditors' Reports

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

To the Board of Education  
Central Union High School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Union High School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## 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.

Wilkinson-Hadley King + Co LLP

El Cajon, California

January 13, 2023

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

To the Board of Education  
Central Union High School District

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

**Opinion on Each Major Federal Program**

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

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

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

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

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

**Responsibilities of Management for Compliance**

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

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

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

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

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

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

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

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

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

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

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

*Wilkinson Hadley King + Co LLP*

El Cajon, California  
January 13, 2023

Independent Auditor's Report on State Compliance and on  
Internal Control over State Compliance

To the Board of Education  
Central Union High School District

**Report on Compliance for Applicable State Programs**

**Opinion on Each Applicable State Program**

We have audited the Central Union High School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2022.

**Basis for Opinion on Each Applicable State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each applicable state program as a whole.

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

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

<u>Local Education Agencies Other than Charter Schools</u>	<u>Procedures Performed</u>
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	N/A
D. Independent Study.....	Yes
E. Continuation Education.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A

		Procedures Performed
<b><u>School Districts, County Offices of Education, and Charter Schools</u></b>		
T.	California Clean Energy Jobs Act.....	N/A
U.	After/Before School Education and Safety Program.....	N/A
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	Yes
DZ.	In Person Instruction Grant.....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Audit Guide and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each applicable state program is not modified with respect to these matters.

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

**Report on Internal Control over State Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

*Wilkinson-Hadley King + Co LLP*  
El Cajon, California  
January 13, 2023

## Auditor's Results, Findings & Recommendations

# Central Union High School District

Schedule of Auditor's Results

Year Ended June 30, 2022

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## FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?        Yes   X   No

One or more significant deficiencies identified that are not considered material weakness(es)?        Yes   X   No

Noncompliance material to financial statements noted?        Yes   X   No

## FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?        Yes   X   No

One or more significant deficiencies identified that are not considered material weakness(es)?        Yes   X   No

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

Compliance supplement utilized for single audit July 2022

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.010	Title I
84.011	Migrant Education

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Central Union High School District**

Schedule of Auditor's Results, Continued

Year Ended June 30, 2022

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**STATE AWARDS**

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

Unmodified

Internal Control over applicable state programs:

One or more material weakness(es) identified?

           Yes        X   No

One or more significant deficiencies identified that are not considered material weakness(es)?

           Yes        X   No

Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies*?

  X   Yes                 No

# Central Union High School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

### A. Financial Statement Findings

None

### B. Federal Awards

None

**Central Union High School District**  
Schedule of Findings and Questioned Costs, Continued  
Year Ended June 30, 2022

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**C. State Award Findings**

Finding Number: 2022-001  
Repeat Finding: No  
Program Name: Attendance Reporting  
Questioned Costs: None  
Type of Finding: Attendance (10000)

Criteria or Specific Requirement

Verify that average daily attendance (ADA) reported to the California Department of Education on the P2 and Annual Reports of Attendance reconcile to supporting documents that are consistent with the District's approved attendance accounting system under California Education Code §44809 and California Code of Regulations, Title 5, Section 401.

Condition

In our review of ADA reported on the Annual Report of Attendance, we noted that the District inadvertently excluded the independent study ADA from Section A resulting in an understatement of regular ADA.

Cause

Clerical errors in summary schedules excluded the independent study ADA when adding together amounts to report in Section A.

Effect

ADA is understated by 133.31 in grades 9-12 on the Annual Report of Attendance.

Fiscal Impact

The fiscal impact cannot be determined at this time but is expected to be a small increase to some funding items based on ADA at Annual, such as lottery funding.

Context

State aid funding to school districts is calculated with the Local Control Funding Formula (LCFF) which derives funding amounts utilizing ADA reported on the P2 Report of Attendance. ADA at Annual is utilized to determine amounts the District will receive in lottery revenue.

Recommendation

Update schedules to correct formula errors for reporting ADA. Implement a review process over reporting to ensure information submitted is complete and accurate.

Views of Responsible Officials

See Corrective Action Plan

**DISTRICT LEADERSHIP**

**DR. DAVID FARKAS**

Superintendent

**TRICIA PETTER**

Assistant Superintendent, Educational Services

**ARNOLD PRECIADO**

Assistant Superintendent, Business Services

**CAROL MORENO**

Director, Human Resources



**BOARD OF TRUSTEES**

ELIZABETH ESPINOZA

DIAHNA GARCIA-RUIZ

SANDRA NOUJAIM

MARIA PEINADO

ERIC RODRIGUEZ

January 13, 2023

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Arnold Preciado  
Assistant Superintendent  
Business Services

**CENTRAL UNION HIGH SCHOOL**

1001 BRIGHTON AVENUE  
EL CENTRO, CA 92243  
(760) 336-4300

CRAIG LYON, PRINCIPAL

**SOUTHWEST HIGH SCHOOL**

2001 OCOTILLO DRIVE  
EL CENTRO, CA 92243  
(760) 336-4100

JOE DERMA, PRINCIPAL

**DESERT OASIS HIGH SCHOOL**

1302 SOUTH 3RD STREET  
EL CENTRO, CA 92243  
(760)336-4555

FERNANDO O'CAMPO, PRINCIPAL

**CENTRAL UNION ADULT EDUCATION**

2345 S. 2<sup>ND</sup> ST. STE. #A  
EL CENTRO, CA. 92243  
(760) 312-7050

DARRELL PECHTL, DIRECTOR

**ADMINISTRATIVE OFFICES**

351 ROSS AVENUE, EL CENTRO, CA 92243  
(760) 336-4500, WWW.CUHSD.NET

# Central Union High School District

Corrective Action Plan  
Year Ended June 30, 2022

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## State Compliance Findings

Finding Number: 2022-001  
Program Name: Attendance Reporting  
Contact Person: Arnold Preciado  
Anticipated Completion Date: 06/30/2023

### Planned Corrective Action

The Central Union High School District has reviewed its internal controls regarding the attendance reporting process and procedures. The spreadsheet in question was based on previous reporting requirements and did not include the calculated cell for Independent Study ADA in the Annual ADA Attendance summary. To address this issue, the district has implemented a new spreadsheet that will capture the necessary required reporting fields. Backup documentation will be reviewed and compared to each Attendance Report (P-1, P-2, Annual) prior to finalizing and reporting to the California Department of Education. The District has notified the Imperial County Office of Education of this exception and has requested access to the Principal Apportionment Data Collection System in order to correct the 2021-22 Annual ADA Report.

# Central Union High School District

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2022

Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2021-001</b> <b>Capital Assets</b></p> <p><u>Condition</u> When the District implemented a new capital asset tracking system, data manually entered from the old system was incomplete. As a result, the District hired a consultant to reconcile between the two systems; however, some data was still missing. After spending a significant amount of time reviewing data from both systems we were able to estimate ending balances for capital assets and accumulated depreciation. The District; however, does not have a depreciation schedule that includes all capital assets. The District was not able to identify the discrepancies within the normal course of their duties.</p> <p><u>Recommendation</u> Reconcile information in the capital asset system to the old system to ensure all data is appropriately included on the depreciation schedule. Perform a walk-through to identify any assets that have been disposed of and update the depreciation schedule accordingly. Implement a review process over capital assets during close of the financial statements to ensure data is going into the system accurately.</p>	Implemented	